

operates in
an invest-
clude many.
principal in-
invest-
to gain the
stor in the
same time
of selection
ns in which
also an ad-
Since the
ust are usu-
ys it cannot
principal, as

n dividends,
e cannot be
y in income.
ong as the
It is prop-
rather than
read, or di-
ce the risk,
way to put
s, in small
g the risks,
of risks, it
as is popu-
upposed.
Part V will

ey supervision
raining select-
ment service,
and southern
on, with good
connection, or
an old estab-
The National

IES

NCE

io; Erie,
Delaware.PANY
mpshire

The National Life Insurance Company

LIFE INSURANCE COMPANY

FRIDAY, OCTOBER 21, 1932

THE EQUITABLE

FAIR - JUST

LIFE ASSURANCE

SECURITY - PEACE OF MIND

SOCIETY

MUTUAL - COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE

A NAME

that does more than
identify — *It explains*

OCT 21 1932

THE EQUITABLE

Founded on the principle of equality, it has ever been the aim and the practice of The Equitable to transact its business with policyholders and their beneficiaries justly and fairly, and with a view always to serving the best interests of its members. It is an institution Equitable in practice as well as in name.

LIFE ASSURANCE

Life assurance is a service far broader in scope than mere provision against the economic loss occasioned by death. It means security and peace of mind. Equitable policies are primarily for the living. Either the insured (or his dependents) will sooner or later benefit financially from any Equitable contracts which he maintains. Largely, Equitable life insurance is provided not because of the possibility that someone will die, but because of the assurance that someone will live.

SOCIETY

The Equitable is a purely mutual company. It is a great cooperative institution, altruistic in purpose, beneficent in its objectives, and conducted solely in the interests of its policyholders and their beneficiaries. Equitable policyholders are the sole owners of the resources of the Society.

OF THE U.S.

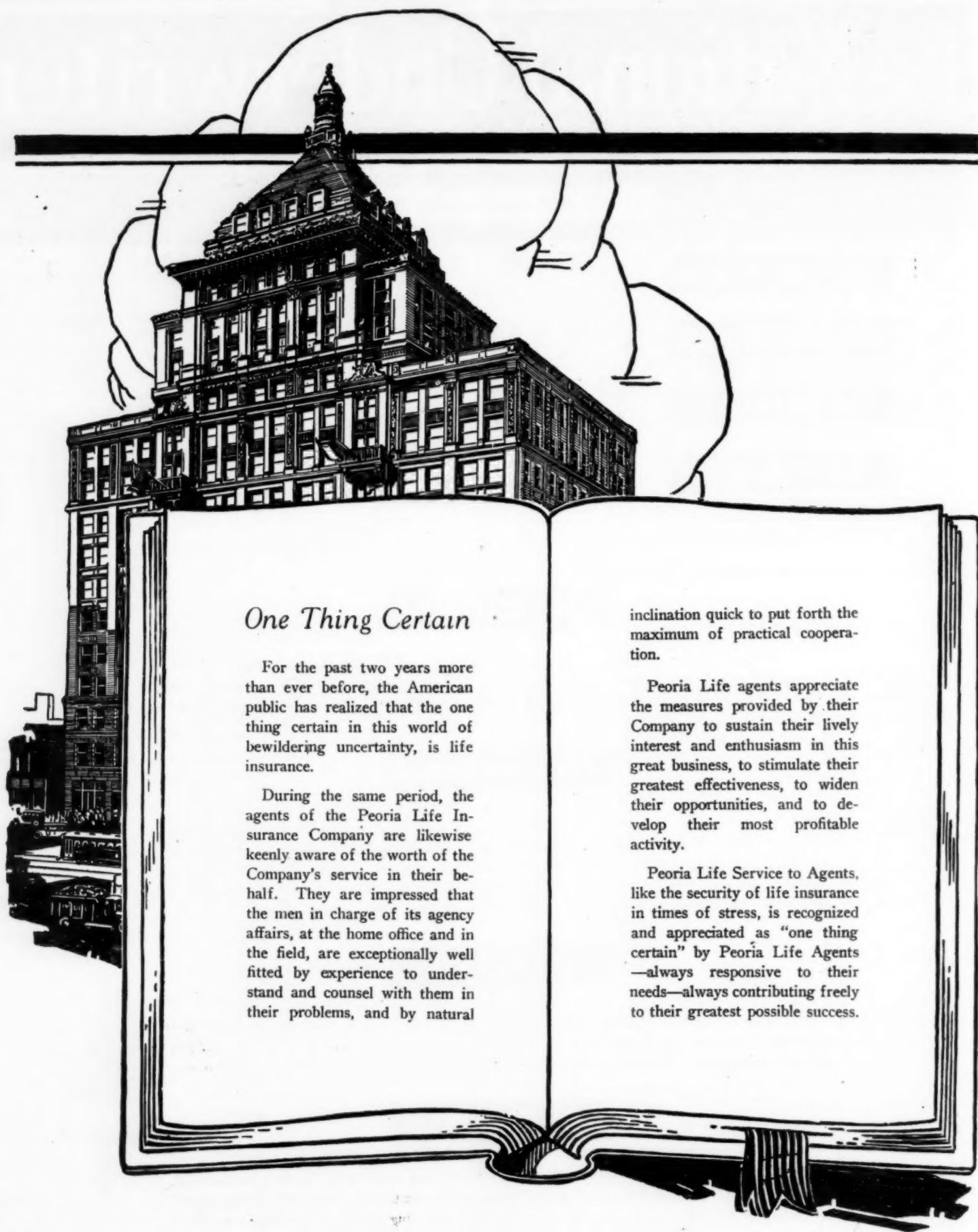
The Equitable is a national not a local institution. It has branch offices in the principal cities, and representatives in practically every section. Likewise, its investments are broadly distributed and are limited to the most conservative types. Every state (including your own) from which premium income is derived shares in the advantages of the Equitable's carefully diversified investment program.

THE EQUITABLE

LIFE ASSURANCE SOCIETY OF THE UNITED STATES

Thomas I. Parkinson, President

393 Seventh Ave., New York, N. Y.



One Thing Certain

For the past two years more than ever before, the American public has realized that the one thing certain in this world of bewildering uncertainty, is life insurance.

During the same period, the agents of the Peoria Life Insurance Company are likewise keenly aware of the worth of the Company's service in their behalf. They are impressed that the men in charge of its agency affairs, at the home office and in the field, are exceptionally well fitted by experience to understand and counsel with them in their problems, and by natural

inclination quick to put forth the maximum of practical cooperation.

Peoria Life agents appreciate the measures provided by their Company to sustain their lively interest and enthusiasm in this great business, to stimulate their greatest effectiveness, to widen their opportunities, and to develop their most profitable activity.

Peoria Life Service to Agents, like the security of life insurance in times of stress, is recognized and appreciated as "one thing certain" by Peoria Life Agents—always responsive to their needs—always contributing freely to their greatest possible success.

Peoria Life Insurance Company

PEORIA, ILLINOIS



Profitable Prospecting

ALL life insurance salesmen and managers agree that to be successful a salesman must have a list of prospects. He must establish favorable contact with the prospect and must present in a logical and convincing manner a definite need and a plan to supply the need.

But how shall these three requisites be accomplished?

The Ohio National has completed for its field force a visual prospecting sales talk. It secures a favorable interview on referred names. It presents a definite need. It offers a plan to satisfy the need.

Two agents upon receiving the sales talk and instructions started out to use it immediately. Results the first day—Agent Number One sold a policy for \$5,086; Agent Number Two sold a policy for \$7,629.

The plan goes farther than establishing contacts, interesting the prospect and supplying a need—it increases the number of prospects and makes prospecting itself profitable.

This new visual sales presentation plan is one of the many reasons "Why It Pays to Tie Up with The Ohio National."

Salesman wanted in select locations in the following states: Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Missouri, Nebraska, Ohio, Oklahoma, Pennsylvania and Texas.

THE OHIO NATIONAL LIFE INSURANCE COMPANY

T. W. Appleby,
President

CINCINNATI, OHIO

E. E. Kirkpatrick
Supt. of Agencies

Salary Continuance Agreement

The proceeds of this policy shall, at the death of the Insured, in lieu of settlement as provided on the first page of this policy be paid to the Beneficiary entitled to receive the same in equal monthly

Salary Continuance Installments

for a period of One Hundred and Twenty months, at the rate of

Fifty Dollars Per Month.

The above is quoted from the Salary Continuance Agreement Plan. The plan may be secured by a policyholder age 35 for a monthly saving as low at \$6.26.

A guaranteed income of \$50.00 a month for a monthly saving of \$6.26.

This plan satisfies a present day need.

NEW BRANCHES IN THESE CITIES

Will Have Advantage of THE PAN-AMERICAN'S AGENCY-BUILDING AIDS

A Liberal Contract for Managers, Plus Home Office Help in Securing and Training Agents, Will Hasten Organization.

Included in those states of the Pan-American's territory under intensive development this year are Iowa, Kansas, Missouri, Oklahoma and Arkansas. New branch offices will soon be opened in the thirteen cities of these states indicated on the above map.

The Pan-American is already known in each of these districts. This advantage, however, is only one of a number which will be enjoyed by managers selected for the new offices to be established.

A new ultra-liberal manager's contract provides for unusually generous allowances for the first three years . . . more than offsetting the usual organization expense. A recently developed direct-mail plan for securing new agents will help solve the problem of agency personnel, while the Pan-American's primary training guide will start the training of new producers along the right lines.

Trained men between the ages of twenty-five and forty years, preferably married and who have records of performance, will be considered for the position of manager in each of the above cities. First communications concerning these openings should contain complete information as to the applicant's past record, and a photograph should be furnished. When appointments are completed, a course of instruction in Pan-American policies and underwriting practices will be given appointees in the Home Offices of the company or by visiting officials.

For further information concerning openings, address

TED M. SIMMONS
Manager United States Agencies

PAN-AMERICAN LIFE INSURANCE CO.

CRAWFORD H. ELLIS
President



NEW ORLEANS, U.S.A.

E. G. SIMMONS
Vice-Pres. and General Manager



THE PAN-AMERICAN'S NEW MANAGER'S CONTRACT

The men selected to manage the new branches will have the benefit of a contract devised especially to permit opening of these offices. Unusual allowances during the first three years of the contract provide more than sufficient funds for agency organization.



A DIRECT-MAIL PLAN FOR SECURING AGENTS

The Pan-American has created for benefit of its managerial staff and is using successfully, a system comprised of letters and booklets designed to attract men and women from other lines of business into Life Underwriting. This free Home Office service will be available to each new manager appointed.



THE PAN-AMERICAN AGENTS' TRAINING COURSE

Offering a groundwork in life insurance training for new agents, the Pan-American Confidential Training Guide is now in use in every Pan-American agency. These courses will be supplied free for use of managers appointed to the above offices.



The National Underwriter

LIFE INSURANCE EDITION

Thirty-Sixth Year No. 43

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, OCTOBER 21, 1932

\$3.00 Per Year, 15 Cents a Copy

End Interlocking, Olsness Demands

Legislation to Halt Looting of Trust Funds by Manipulators Is Urged

N. D. OFFICIAL IS HEARD

Eyes of Many Greedy Men Have Become Focused on Insurance, Commissioners Are Told

Commissioner S. A. Olsness of North Dakota, in his address before the annual meeting of the National Convention of Insurance Commissioners on interlocking and holding company control of life insurance companies, called on the commissioners to adopt a resolution strongly condemning manipulations, which do violence to the trustee spirit of life insurance, and requesting legislation to accomplish the reform.

Mr. Olsness is chairman of the committee on interlocking of the commissioners' convention.

"This convention should go on record in the strongest terms possible," Mr. Olsness declared, "accompanied by all the publicity we can secure, in condemnation of any further acquirement of control of life companies by holding companies or the control of one life company by another, or the control of two or more life companies by the same group of individuals. The reinsurance of one company's business by another should not be interfered with if accomplished under proper state supervision.

Responsibility of Individuals

"Investments in the stock of one life insurance company by another," he continued, "should be entirely prohibited and legislation should be enacted to accomplish this desired reform, all of which will lead to the placing of the responsibility for the faithful administration of the policyholders' trust funds and the fulfillment of the company's obligations in the hands of certain individuals whose identity will be clearly established, thus frustrating all attempts to conceal the ownership of control stock to evade responsibility.

"Legislation," Mr. Olsness added, "should likewise be recommended that will absolutely prohibit the investment of any funds of a life company in the stock of any bank or investment company and no bank or investment company should be permitted to hold more than 10 percent of the stock of any life company and the ownership or control of the life company through interlocking directorates between the life company and bank or investment company, or through joint ownership through a holding company, having control of two or more of the institutions, should be covered by this prohibition. We should have for our ultimate goal a situation where each life insurance company

(CONTINUED ON PAGE 22)

Industrial Insurers Holding Convention in New Orleans

STRONG PROGRAM PRESENTED

Stevenson, Simmons, Jennings, Munford and Estes Among Company Officials on List

NEW ORLEANS, Oct. 20.—The Industrial Insurers Conference is holding its annual meeting here this week. President E. T. Burr, actuary of the Durham Life, opened the first business session Wednesday morning. Paul B. Habans gave the address of welcome, with the response by Otis P. Grant, vice-president and general manager Life & Casualty.

Following the president's annual address, reports by P. W. Jones, Bankers Health & Life, secretary-treasurer, and several of the committee chairmen, three formal addresses were scheduled. Harry McEnery, New Orleans attorney, spoke on "Industrial Life Insurance"; E. B. Stevenson, vice-president National Life & Accident, on "Developing an Ordinary Department," and F. S. Normann, New Orleans attorney, on "Insurable Interest and Right to Proceeds of Life Insurance Policies."

Burr Against Unemployment Cover

Unemployment insurance is impracticable, President Burr declared. "The only way it could be operated would be through the government at great expense to the tax payers," he said. "The unemployment fund into which both the employer and employee pay a fixed sum is a good idea, but it has one weakness. What would happen to the unemployed when a business failed? I happen to be an actuary and on an actuarial basis, administration of unemployment funds by the government might be the best way. But it would be likely the most expensive way."

He was accompanied by Commissioner Dan C. Boney of North Carolina, who was on his way to Dallas to attend the commissioners' meeting.

Simmons, Jennings, Munford Speak

The program for the Thursday morning session included addresses on "Life Insurance Sales," by Ted M. Simmons, superintendent of United States agencies Pan-American Life; "Conservative Expansion," by F. E. Jennings, president Peninsular Life, and "The Problem of the Ex-Agent," by G. W. Munford, secretary Home Security Life, together with the reports of the executive and statistical committees. The general session was followed by an executive session limited to company officials.

The principal feature of the final day's session Friday will be a general discussion on "Taxation," led by P. M. Estes, general counsel Life & Casualty, who will also report for the law committee. Officers will be elected, the next meeting place selected and other unfinished business disposed of at this session.

The golf tournament was set for Wednesday and Thursday afternoons, with a matinee for the ladies Wednesday afternoon and a three-hour cruise Thursday afternoon on Lake Ponchartrain, through the industrial canal and New

Two More Companies Sign Anti-twisting Agreement

TOTAL IS NOW FIFTY-FIVE

Some Agitation for Action Which Would Go Farther Than Scope of Present Pact

NEW YORK, Oct. 20.—In the short time that has elapsed since the vital seriousness of the twisting situation was brought out at the American Life Convention meeting in Toronto, two more companies have subscribed to the inter-company anti-twisting agreement and it is expected that many more will do so as soon as they have had a further opportunity to consider the step. The total of signatory companies is now 55.

The actual results of the agreement in conserving business were shown by Vice-President Frank L. Jones of the Equitable Life of New York, chairman of the inter-company committee, who declared that the situation is a challenge to take the whole theory of legal reserve life insurance.

Invite Others to Join

Now that the anti-twisting pact has proven its worth, other companies will be invited to join. Until now there has been no effort to promote the idea generally, as it was felt that it would be best to establish a reliable foundation based on the experience volunteered by a relatively few member companies.

The real danger, as Mr. Jones pointed out, is that there will be extensive raids on business that is not loaned on. If the idea of a policyholder's taking his cash value and buying new insurance gains headway, the situation will be bad for all concerned for the company accepting the twisted business is subscribing to the idea that it is wise to switch insurance every few years, and can logically look to have this business twisted away prematurely by the same route by which it came. Since it takes from five to eight years or more for new business to pay for the cost of being put on the books, it is obvious that the wholesale rewriting of business will be disastrous all the way around.

Would Extend Scope Farther

There is considerable agitation for action which would go even farther than the scope of the present anti-twisting agreement, under which member companies notify those whose business is about to be dropped so that they may conserve their policies. A rule denying commission or volume credit on twisted business has been urged by the Detroit Life Managers Association, and has been advocated here by Manager P. S. Myrick of the Mutual Life of New York and Manager J. C. McNamara of the Guardian Life of New York. Several prominent companies already make it a rule to pay no commissions on such business.

(CONTINUED ON PAGE 13)

Orleans harbor. There was a dinner-dance Wednesday night and the get-together dinner Thursday night, at which the golf trophies were presented.

Commissioners in Colorful Sessions

Troupers Make Stands in Dallas, Houston and Galveston, Tex.

IMPORTANT ISSUES UP

Interlocking Control of Companies and Valuations Get Attention—Tarver Scheduled for Presidency

By C. M. CARTWRIGHT

GALVESTON, TEX., Oct. 20.—The National Convention of Insurance Commissioners holding its meeting in Texas this week decided to delve into the subject of holding companies and interlocking directorates of life companies. Action was taken after Commissioner Olsness of North Dakota gave his address on the subject, calling attention to the dangers of such a practice and stating the collapse of the Security Life and Inter-Southern Life was due to the devices he condemned.

President C. D. Livingston appointed a special committee consisting of Brown, Minnesota, chairman; Olsness of North Dakota, Thompson of Missouri, Gough of New Jersey, Van Schaick of New York. It is expected this committee will report at the December meeting and propose proper remedial legislation if such is practical.

The annual meeting sessions started this week in the highly colorful but interesting peacock terrace of the Baker hotel at Dallas. In this room during the summer, Dallas people regale themselves in the evenings. It is a roof garden with a fountain, unique lanterns, artistic gateways and artificial vines and flowers on all sides.

Commissioner C. D. Livingston of Michigan, the convention president, presided, with Commissioner Jess G. Read of Oklahoma, secretary, at his hand looking after the mechanics of the gathering.

Welcomes Are Given

Bishop Harry T. Moore of the Methodist Episcopal Church South spoke the invocation. Governor Sterling could not be present. R. B. Cousins, Jr., former Texas commissioner and now manager of the Texas Fire Prevention Association, represented the state. He stated that Texas has more domestic legal reserve life companies than any other state and it has more outside life companies licensed than any other state. Mayor Turner extended the greetings of the city.

Commissioner W. A. Tarver of Texas, first vice-president of the association, instead of responding to the welcome, as has been the custom of those holding his office in the past, introduced some commissioners to officiate as responders. They included Commissioners

(CONTINUED ON PAGE 12)

Crisis Is Passed, Thompson Tells Actuaries at Ottawa

NOT ALARMED OVER LOANS

Dividend Reductions Made to Compensate for Strain of Demand for Cash Value

More than 200 delegates to the convention of the Actuarial Society of America at Ottawa last week were heartened by the presidential address of J. S. Thompson, vice-president Mutual Benefit Life. "We surmounted the crisis of the depression in June or July," declared Mr. Thompson, "and now the greater constructive forces must be directed towards a program of solving the deep-seated problems of agricultural maladjustment, over production, unemployment, tariff equalization and world peace. These fundamental problems are yet to be solved, but the events of the last few months have registered a definite improvement in sentiment."

Heavy Demand for Cash Values

A tendency to lower dividends to compensate the life companies for the strain of the demand for cash values was indicated in President Thompson's address. He reviewed the actuarial views in previous depressions as revealed in the "Proceedings" of the Actuarial Society.

He was not particularly alarmed by the demands for loans but said the strain which may be placed upon the organizations to render the loan service may be worth to the individual policyholder all that it costs him as a member of the organization. "It is merely necessary that reasonable equity be preserved as between the policyholder who takes advantage of the surrender value of his policy and the one who continues his contract without lapse or encumbrance, and also as between the policyholders of one generation living in an era characterized by deflation and liquidation and those of another for whom economic influences are the reverse. It is the actuary's duty to see that this equitable relation is maintained as far as is reasonably possible," said Mr. Thompson. "In the maintenance of equitable relationships between members, one of the most effective instruments is a suitable modification of the rate of interest assumed in premium, reserve, and dividend calculations."

Superintendent Finlayson Speaks

Papers were given by E. E. Cammack, vice-president Aetna Life; M. A. Linton, president Provident Mutual Life; E. W. Marshall, vice-president Provident Mutual; and Dr. Arthur Hunter, vice-president New York Life.

Mr. Linton's paper upon "Panics and Cash Values," in which he considered the decided increase in loans and surrendered policies, was discussed at length.

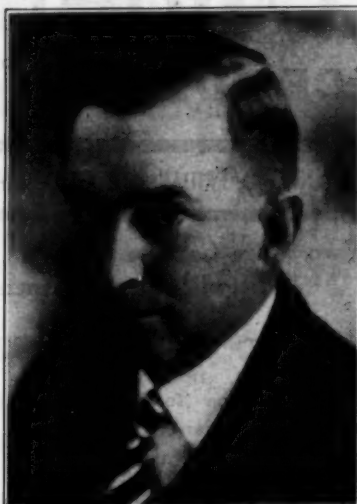
G. D. Finlayson, Canadian superintendent of insurance, in speaking at the convention dinner, said: "The best things in life have to be sold to the people or they think they are of no value. In spite of the fact that insurance has gone over the 100 billion mark in written policies, people are still decidedly under-insured."

Insurance Stood Impregnable

"When every other business seemed to be going to smash insurance stood impregnable," declared Harold D. Wright, third vice-president and manager of the Metropolitan Life in Canada. "People have the money, insurance has the record for reliability, it is up to the insurance men to go out and sell," he said.

The informal and secret discussion was of great importance. There are a multiplicity of problems existing today, upon which the observations of actu-

Conference Head



E. T. BURR

E. T. Burr, actuary of the Durham Life of Raleigh, N. C., who is president of the Industrial Insurers Conference, is presiding at the annual meeting of that organization, which is being held this week in New Orleans.

Danger of Rewriting Seen in Case of Triple Coverage

One great danger in rewriting policies is illustrated by an outstanding case arising in a great agricultural state, in which three companies appear to be liable for a total of almost \$80,000 under policies containing the double indemnity clause. The first policy was for \$10,000. Later an agent of another company wrote another \$10,000 policy on the farmer's life, the intention, it is said, being to replace the original policy, on which heavy loans had been made. Then a third agent wrote a \$20,000 policy, which it is said was intended to replace the other two policies, which had not yet been canceled. At this juncture the farmer was killed accidentally. The third company is understood to have paid its \$40,000, but the other two are withholding payment on the claim of over-insurance. It appears, however, that they are on the risk and are liable, no matter what the intent of the farmer and the agents may have been.

Can Deduct Municipal Tax

Refunds on a portion of the Kentucky taxes paid by the Western & Southern Life have been ordered by Assistant General Attikson, recognizing the contention of the company that taxes paid to municipalities should be deducted from the amount paid into the state government. Taxes paid by general agents of the company were not included in the refund as they are classed as a tax on the agents and not the company.

aries are valuable and practically all of these current topics were discussed.

There was discussion of financial affairs, one phase taken up being whether the laws governing investments of insurance companies should be modified so as to permit more general purchase of guaranteed and preferred stocks. The dividend question was up, the actuaries being requested to discuss the reaction of policyholders to dividend reduction. The disability situation was discussed, as well as annuities and the surrender problem. There was discussion whether surrender charges should be increased.

It was decided to hold the annual meeting in Chicago next May.

Importance of Character of Management Stressed

VAN SCHAICK GIVES VIEWS

New York Superintendent Enunciates the Principles That Should Guide Claim Practices

When the management of an insurance company has shown by its record that it can be implicitly relied upon an insurance department will in proper cases act accordingly and lessen the rigidity of discretionary requirements, Superintendent Van Schaick of New York observed in his address before the annual meeting of the National Convention of Insurance Commissioners. "A record of achievement without indulging in sharp practices," he said, "means more in the eyes of an insurance supervisor than underwriting profit."

Although in insurance supervision, according to Mr. Van Schaick, there must be strict compliance with statutory and other requirements as to examinations, reports and other activities, common sense should be applied. Discretion should be intelligently and sanely exercised, he said, and discretion is often controlled by confidence. The greatest asset of any company is management, he declared.

Claim Practices Discussed

Mr. Van Schaick devoted much of his address, the subject of which was, "Insurance Administration as a Public Service," to claim practices.

Commissioners, he pointed out, are often called upon to relieve the public against a too strict application of the law of contract. The contract is complex and rarely understood or even read by the policyholder, he pointed out. Because of the rule of construction that if any doubt arises as to its meaning it is resolved against the insurer, the company must always be on the alert to protect itself against unfounded claims, he pointed out. The company, he said, should resort to every possible means to protect itself against imposition. "The ease with which manufactured claims have at times been established to the satisfaction of courts and juries has been a drain upon companies' financial resources," Mr. Van Schaick observed.

On the other hand, he said, an insurer has no moral right to invoke restrictions to reduce or defeat a reasonable claim. Irregular claim practices undermine public confidence. The true spirit of protection contemplates that the technical provisions of contracts are to be considered in the highest degree of good faith, not being designed to afford legal loopholes through which to avoid payment of legitimate losses.

Victim of Technicalities

"Commissioners have a duty," he said, "to endeavor to relieve from, wherever possible, the rigid terms of contract and practices which, while generally necessary, might work hardship and injustice in individual cases. Often the policyholder, he said, becomes a victim of misunderstood technicalities. The commissioners should marshal the facts so as to convince companies that equity should prevail, he declared.

Responsible companies, Mr. Van Schaick declared, will not be silent about claims where the claimant is in ignorance or resides in foreign lands. Where such a practice does occur, he said, it can be attributed to the carelessness of some over zealous claim agent.

"Often," Mr. Van Schaick said, "a company should lean backward, particularly when dealing with a widow or beneficiary of the bread winner, who was the assured. There is constant need for sympathetic accord with the social concepts of insurance," he said.

Mr. Van Schaick condemned dilatory tactics or high pressure methods in forcing settlement. Unfair advantage

Long Term Lenders Profit by Home Loan Bank Plan

PROVIDES CREDIT RESERVOIR

Chairman Fort Explains System at Meeting of New York Underwriters —Klingman Speaks

The Home Loan Bank system will furnish a credit reservoir for long-term lenders—life companies, savings banks, and building and loan associations—in the same way that the federal reserve system now supplies a credit reservoir for short-term lenders, Franklin W. Fort, chairman of the Home Loan Bank Board, told members of the New York City Life Underwriters Association at their first dinner meeting of the season. The address was broadcast over station WOR.

The purpose of the home loan bank is not an emergency one, he said; the emergency feature has been merely grafted on to stop foreclosures in the present emergency. From the day the banks opened, two days thence, there should be no more foreclosures, Mr. Fort declared, except in those cases where the owner is so hopelessly involved that nothing can save him.

Affords Low Interest Rates

The real purpose of the system, he said, is to make it possible for young men wishing to own their homes to borrow money for the purpose at low interest on a long-term basis. The home loan banks will do this by encouraging the long-term lenders to lend freely and at low interest rates. The system will enable these lenders to make loans without fear of finding themselves frozen up with long term loans and unable to meet their cash demands.

Mr. Fort said that while the long-term credit situation is not so bad in the east, thrift institutions which normally make these loans have been hobbled in the west and south.

Speaking on "A Greater Appreciation of the Life Insurance Business," W. W. Klingman, vice-president and director of agencies of the Equitable of New York, declared that the average man is beginning to realize that the investment of his money is not a part-time job, and that life insurance does just what it promises.

"The public has learned," said Mr. Klingman, "that extremes of wealth and poverty need not be. People are going to be satisfied with what life insurance can give. To my mind there never was a better time to keep the life insurance business on its present high plane."

A eulogy of the late Darwin F. Kingsley was given by L. A. Cerf, Sr., retired general agent of the Mutual Benefit and a close friend of Mr. Kingsley. A resolution offered by Mr. Cerf was adopted by the association.

Superintendent Van Schaick of New York, and Third Vice-president H. E. North of the Metropolitan will be the speakers at the next meeting Nov. 10.

between public and companies, he said, should not be taken of imperative and immediate needs.

Payment of Just Claims

A claim that is just, according to Mr. Van Schaick, should be willingly paid regardless of whether the claimant has legal proof, where the company is satisfied that the claim is well founded.

These questions are constantly being taken up through the complaint bureaus of the insurance department, he said. Mr. Van Schaick said that the company almost universally will not insist upon its strict legal rights if there is a moral obligation to forego them.

The commissioner has behind him not a legislative mandate but the force of public opinion, Mr. Van Schaick said.

New Meaning Put on 'Market Value'

Commissioner Kidd Sees Distinction Between Market and Liquidating Values

NEED PERMANENT BASIS

Indiana Official Recommends Committee of Commissioners Fix Market Values at All Times

A new construction was put upon the term "market value" by Commissioner Kidd of Indiana in his address before the National Convention of Insurance Commissioners. He defined market value as "future or deferred liquidating value," as applied to insurance.

The stock exchange quotations as of Dec. 31, have been accepted for years by insurance departments as market values, according to Mr. Kidd, when, in fact, they have been liquidating values, frequently of a highly inflated character. The immediate price one can secure in cash for an article offered at quick sale is its liquidating value, he said. He expressed the belief that liquidating value thus determined rarely portrays the actual value, market value, actual market value or reasonable market value contemplated by authors of the various insurance statutes. Liquidating values, he said, may be higher or lower than the market value, depending upon the trend of the times, urgency of the sale, "and amount of window dressing preceding the transaction."

Cites Insull Stocks

Mr. Kidd cited the various Insull holding company securities. The market for those stocks was created not by value, he pointed out, but by the use of stock for speculative purposes. From being quoted at several hundred dollars, those securities are now only worth a few cents. Quotations two or three years ago represented, not market value, according to Mr. Kidd's interpretation, but liquidating value.

Mr. Kidd recommended that the commissioners' convention appoint a standing committee with authority to declare market values at all times. He further suggested that each member of this proposed committee be assigned to continue special research in one particular group of securities only, such as railroad, utilities, motors, metals, etc., the final determination of value, however, to be the responsibility of the committee as a whole.

Statement's Real Purpose

Mr. Kidd quoted a number of court decisions and statutes on valuations of securities. The term "market value" appears again and again. Out of the maze of legal opinion, he said, the conclusion is reached that the term "market value" has had no complete definition. Almost always where courts have attempted a definition of market value, the matter under consideration has been either lands or merchandise. In none of the decisions is found an effort to set up a rule for determination of market values of securities. Insurance is a business of deferred liabilities, he pointed out, and therefore is fundamentally different from any other line of commercial activity. The tangible fruits of a policy are not delivered at time of purchase, such delivery depending entirely upon the happening of a contingency, and excepting life insurance, delivery under most of the policies is never made. It is this deferred liability, he said,

(CONTINUED ON PAGE 21)

DeBarry Gives Some Views on Work of Conservation

C. D. DeBarry, president and treasurer of DeBarry & Associates, insurance counselors of Chicago, is giving the subject of conservation of business very close attention these days. Being an insurance specialist and not associated with any particular company, his viewpoint of conservation is of particular interest. He feels that the conservation of life insurance is a specialty and should be handled by a separate department from the production end of the business. Mr. DeBarry contends that a successful life agent cannot write fire, automobile, casualty and other forms and yet be a life insurance specialist. Yet as he sees it, it is more dangerous to permit him to rewrite mortgaged policies, those being carried on extended insurance or paid up.

Must Cooperate with Agents

Any conservation department that is independent of the production end, he declares, must cooperate with the agents. The reason that some companies have objected to employing outside agencies was due to the fact that the outsider wished to use reserves to pay all the current or future premium and to take from the agent the renewal, which rightfully belongs to him. Mr. DeBarry declares that conservation work could be handled and the cooperation of agents secured readily if the conservationist is willing to give the agent and the company the right kind of treatment. A one-sided proposition, he asserts, never worked in any business and it will not operate successfully in the conservation of life insurance.

Looked on at American Life Convention

Mr. DeBarry attended the meeting of the American Life Convention at Toronto as a visitor. He was much interested in the agency section, where the subject of danger of replacement of business came up. Mr. DeBarry points out that the American Life Convention did not attempt to advise the companies how to handle this perplexing problem. The speakers naturally realized that it is an individual company problem for each to solve. Mr. DeBarry states that some companies have worked out fairly successfully their own conservation department after much experimentation and considerable trial. Others have tried to build similar departments, he declares, and then abandoned the enterprise. Mr. DeBarry explains that the work his organization is doing in this conservation movement does not antagonize in the least any agent.

Commissions, Not Salaries, Paid

Commissions are paid for the work instead of salaries. If a commission is paid and reserves used to pay premiums it is a very easy matter for the conservation agent to make money. The office boy could deliver a new policy free and clear of all debt if no money was to be collected. When it is necessary to secure new money to fit the policy to the policyholder's needs, this requires a man who knows his business, is accurate at figures and able to use correctly the dating back tables, he adds.

Mr. DeBarry is conducting an important piece of work for the Orgeon Mutual Life of Portland in this connection. His men have been at work seven months and it will take some months yet to complete the task. It is a difficult assignment and naturally the progress made is slow because it is necessary to collect new money with every application. As Mr. DeBarry points out, when a policyholder puts in new money he is convinced that the company is all right and that he is satisfied with his insurance. If no new money is collected, Mr. DeBarry observes that the policyholder has seven

or eight months' time to go or possibly longer before the premium comes due. At that time the man who rearranged his policy is not at hand to point out the advantages again, and the result is that there are many lapses.

Observations Are Made

Mr. DeBarry makes the following observations on conservation from his standpoint:

1. The successful conservation agent is a highly trained specialty man, and, while not an actuary, he must have a working knowledge of actuarial principles; few, if any, general or local agents are thus equipped.
2. Conservation and the writing of new business are distinctly two separate occupations.
3. Conservation of business handled through the regular agency force has been more or less of a failure, mostly more.
4. The reason it is a failure is because very few agents are efficient enough in mathematics to adjust the remaining reserve to fit the policyholder's needs.

Must Have Specific Information

5. If the home office knew exactly the kind of new policy acceptable to the policyholder and the method on which he could pay the premium, the new deal could be set up in the home office; but when the agent tries to deliver this new policy it does not fit the policyholder's needs and the method of paying the premium does not fit his pocketbook. Then it is necessary to set up an entirely new deal and probably on a different form policy, which the agent is not capable of doing.
6. If by long training you do educate him in conservation so he can handle any kind of deal and rearrange the reserves to fit any form policy, then you have a conservation man and he is not interested in writing new business.
7. The writer and our men have had more than ten years' experience in this class of business and we do not feel competent to enter upon any new work for another company without spending at least a week's time in the office of such company so that we may become thoroughly familiar with their policies and the home office method of handling business.
8. "The outside agency handling conservation work should not be known to the agency force, and the name never comes up except in the home office records. These men are in the capacity

(CONTINUED ON PAGE 21)

Sure! Business Is Good If You Go Out After It

The Paul Stewart general agency of the National Life of Vermont in Minneapolis reports having made much progress since 1930, when Mr. Stewart took charge. At that time there were no producing agents. Mr. Stewart now has 12 producers, and during the first nine months of 1932 reports having paid for new life insurance equal to 330 percent of the first nine months last year and 218 percent of the entire 1931 production. Mr. Stewart is assisted by L. R. Ballard, in charge of agency development and production outside of Minneapolis, and Fred A. Woodruff, for Minneapolis development.

Cecil K. Dean, Wichita, Kan., Penn Mutual general agent, reports a 40 percent increase in business in 1932. Early in the year the offices were moved to a ground floor location in the heart of the Wichita business district and Mr. Dean states that this has influenced the gain in business.

Single Valuation Measure Is Vital

Commissioner Mitchell Tells Officials Confusion of 1931 Must Be Avoided

SUGGESTS UNIFORM PLAN

Wants Contingency Reserve to Be Fixed Percentage of Excess of Book Value Over Market

Greater uniformity in annual statements, so that the condition of companies may be compared on an equal basis, should be striven for, according to Commissioner E. Forrest Mitchell of California, who addressed the annual meeting of the National Convention of Insurance Commissioners.

That object, he suggested, could be reached by listing the assets of all companies at book values, each commissioner assuming responsibility for seeing to it that the book values have a reasonable and genuine basis. After setting up reserves for other liabilities as provided by law, each company could set up on the liability side a properly designated contingency reserve in the amount to be agreed upon by it and the commissioner of its home state. This amount would be a fixed percentage of the excess of the book value of its marketable securities over the aggregate market value.

Amount of Discretion

The discretion of the commissioner would have to be exercised only in the direction of the period required to give full effect to the elimination of the shrinkage in values as ascertained at the end of the reporting period, Commissioner Mitchell said. He suggested that a footnote be used in the body of the reporting blank and a similar note placed on the outer cover to read: "Contingency reserve appearing herein represents — percentum of the excess of the reported book value of the corresponding asset items over their market value."

In such a form, Mr. Mitchell said that the statement on a market value basis by a comparatively easy adjustment may be compared. Such a report, he contended, would not lack frankness. If the public has confidence in the commissioners, there should be no feeling of unsoundness in the fact that the statement is not on a rigid market value basis. "Furthermore," he said, "the companies would find it difficult to justify the payments of dividends out of capital, an abuse with which some of us have become familiar." It would also go far to remove unfair competition, he said.

Uniformity in Forms

The work of the committee on blanks over a period of many years has brought about a uniformity in the form of financial statements, according to Mr. Mitchell, but if the reports made on these forms were examined more critically, he expressed the belief that they would not be so uniform as they appear. With the exception of the life insurance blank, he said, the forms are not models of clarity, the items being susceptible to varying definitions. Many of them, he said, are not mutually exclusive and the form suffers from the absence of a prescribed uniform classification and definition of accounts such as has long been in use by the Interstate Commerce Commission and the public utility commissions of many states.

The making up of a balance sheet involves a large amount of personal judgment.

(CONTINUED ON PAGE 10)

Life Company Officials in Talks to Mortgage Bankers

VIEW FORECLOSURE PROBLEM

Smith of Aetna and Trick of Bankers Life Explain Practices at Niagara Falls Meeting

Urban and farm mortgages and foreclosure problems were discussed by two life company officials at the annual meeting of the Mortgage Bankers Association of America in Niagara Falls, R. Graeme Smith, assistant secretary Connecticut General, and Deane W. Trick of the Bankers Life of Des Moines.

Mr. Smith discussed the many problems which confront life companies in handling real estate which they have taken over, such as the acquiring of active local management for properties, minute inspections during foreclosure procedure to note all details requiring attention, rehabilitation, rentals and management problems, and finally disposal. He said it is becoming increasingly difficult to sell property at anything like what the companies have in them and the Connecticut General will not make a sale which in its opinion will not stick for in such case the property often comes back in worse condition.

Worst Properties Are Pushed

The worst properties are being pushed on the market, particularly where no hope of their recovery in normal times is seen. It is felt that a general listing of the property tends to depress the market. Amounts invested in properties are not given out. No active prices are quoted. No properties are listed for sale. The company awaits offers but considers only those accompanied by cash binder. The Connecticut General acquires title to foreclosed property as

soon as the law permits and attempts to make it yield as much during the time it is held as the lien from which it sprang. This latter is a point requiring emphasis, he said.

Mr. Trick took as his subject "The Unwilling Farmer," in other words the life company which is forced to take over property under foreclosure. He summarized three outstanding responsibilities of the life companies in this respect: first and foremost, their responsibility to policyholders, whose interests are paramount and whose investments must be safeguarded; second the inherited duty of rendering first aid to distressed farmers (in every instance he finds deserving farmers are receiving utmost consideration), and third a newer and more intricate responsibility which the acquisition of farm property has thrust upon the unwilling owner, including not only preservation of the family farm units now held under his custody but also larger and more general phases of the national agrarian problems.

It must be evident to the public now that the investor is loath to foreclose farm mortgages, he said, particularly a life company whose functions are entirely different and whose charter when applied for and granted certainly never contemplated it would engage in the business of food production, or become a land speculator. He said some profound students of agrarian matters contend there is a definite trend toward large scale or cooperative farming, but he said this is largely a matter of conjecture and he is not at all convinced the family farm is being supplanted.

Larson on Coast Trip

V. F. Larson, secretary of the Central States Life of St. Louis, has been on a Pacific Coast trip, visiting Los Angeles, San Francisco, Portland and Seattle. While in Washington he expects to arrange for the entry of his company in that state and active representation there.

New Receivers for the Old Colony Life Are Petitioned

ASK REMOVAL OF KEYS, PREUS

Attorney Charges Appointments Improperly Made in Circuit Court While Action Pending in Superior Court

Petition was presented before Superior Judge W. J. Lindsay of Cook county Tuesday to have a receiver appointed for the Old Colony Life of Chicago and to have the court compel Alvin S. Keys and J. A. O. Preus, co-receivers, who were appointed by the circuit court, to turn over the company to the receiver, which the superior court is requested to appoint.

The petition was filed by George D. Kimball in behalf of Mrs. Theresa Stengel, et al.

Mr. Kimball sets up that before any action was instituted in the circuit court, he had presented the Stengel case to the superior court, requesting a receiver. Counsel for the Old Colony, including William McKinley and State Senator James J. Barbour, according to Mr. Kimball's petition, resisted appointment of a receiver in the superior court, stating that the Old Colony was solvent.

Later, Mr. Kimball states, Leo H. Lowe, director of trade and commerce, caused to be filed a bill against the Old Colony Life in the circuit court.

Mr. Kimball charges that at no time during the pendency of the suit in the circuit court, did any of the parties inform the court that there was pending in the superior court a bill against the Old Colony and that the pendency of the suit was concealed from the judge of the circuit court.

Mr. Kimball charges that Mr. Keys has "failed and neglected to conserve the assets coming into his hands as re-

ceiver, has permitted the offices of the defendant company to be stripped of telephones and after Oct. 5, 1932, had failed to accept premiums tendered by policyholders of the said defendant company. That he has failed to cause any steps to be taken to collect accounts due and payable to the defendant company and has failed to seek to recover from the officers and directors of the defendant company sums of money purported to be unlawfully paid to them." Judge Lindsay set Saturday of this week for a hearing on the petition.

Judge Brothers Acts

At the same time Judge Brothers in circuit court issued an order setting 9 a. m., Oct. 24 as the final hour for receipt of proposals for reinsurance of the Old Colony. The proposals must be filed with the receivers at 166 West Jackson Boulevard, Chicago.

Judge Brothers also granted leave to file an inventory and leave to employ solicitors.

The inventory showed mortgage loans with a face value of \$113,850 and \$29,500 in addition in the possession of the insurance department. Net book value of Florida real estate is \$1,407,585. The home office is carried at book value \$3,986,337 less \$690,000 encumbrance. There is \$469,000 face value Old Colony first mortgage bonds payable May 1, 1941, secured by trust deed to leasehold interest, mostly unsold. Policy loans are \$838,689.

Support of C. L. U. Course Urged

Managers and general agents in Detroit were urged to support the C. L. U. extension course being given by the University of Michigan in Detroit this fall, at the October meeting of the Associated General Agents & Managers of Detroit. President Milton L. Woodward, Northwestern Mutual, presided. Joseph T. Peterson, Berkshire Life, was delegated to prepare a program for the November session.



Trade Mark Reg. U. S. Pat. Off.

"Some day it will turn to a band of gold"

THE loyalty and length of service of Shield Men is well known among the insurance fraternity. Approximately one-third wear Service Pins which signify their period of successful work with the National Life & Accident.

More than 400 have represented the Shield Company over 15 years. 600 more have served from 5 to 14 years.

A recent recipient of a 5 year pin said, "My pin has a band of silver with five pearls, but some day it will turn to a band of gold with ten pearls."

Such is the feeling of Service Pin wearers of the National Life & Accident. Another reason why it pays to be a Shield Man.

The NATIONAL LIFE and ACCIDENT INSURANCE CO., Inc.
Nashville, Tennessee

Tune in WSM

Word of Courage By H. O. Fishback Dramatic Episode

One of the most impressive moving and dramatic episodes at the meeting of the insurance commissioners in Dallas this week was witnessed at the executive session of the valuations committee presided over by Superintendent Van Schaick of New York. Company officials, attorneys and organization men were asked to be present and make suggestions.

The observations brought out the baffling problems and seemingly hopeless situation in some phases. There was not much light shed in conflicting and drab opinions. Listeners began to feel pessimistic. Up stood the dean of the commissioners, H. O. Fishback of Washington, feeble in body and voice.

With tenderness he reviewed the depressions through which he had passed starting with 1873. He told of his bitter experiences, the trials, hardships and terrific burdens through which people had to pass during those times of recurring panic, yet in due season, the country emerged and there always followed a greater day than ever. He urged his hearers to have magnificent courage, to meet these complex problems with intelligent fortitude and to maintain faith in the nation and its people, for back of all is running the principle of everlasting good.

Like a father blessing his children, the venerable official, with a clear vision and true confidence told the listeners to go forth like brave soldiers and march on. Many eyes were dim as the benediction fell on those at his feet. Superintendent Van Schaick used the incident in his address Tuesday noon before the Dallas business men to illustrate the type of mind that is needed to inspire and encourage people to go on in spite of huge obstacles.

Murrell Opens New General Agency in New York City

The new New York City general agency of the Connecticut General Life, of which Thomas G. Murrell is manager, opened Monday at 225 Broadway.

Mr. Murrell expects to build his sales force from men new to the life insurance business and to devote about 80 percent of his efforts to teaching them how to prospect. The fact that 1932 finds many older men in the business unproductive and many new men productive indicates, he believes, that the controlling of habits of prospecting is of first importance.

As manager of the life department of Fred S. James & Co. of Chicago, Mr. Murrell found it a very effective device to provide agents with data on three or four concerns which have done better in the last year than previously. By bringing these up in the course of general conversation, agents usually found they elicited stories of other concerns which were ahead of their former records, in this way providing leads to potential prospects who had not been hit by the depression.

Alumni Luncheon Planned for Joint Chicago Meeting

An alumni luncheon for agency officers who attended the bureau's first agency executives seminar, held in Chicago in August, will be an additional feature of the joint annual meeting of the Life Agency Officers Association and the Life Insurance Sales Research Bureau. The luncheon will be held Nov. 2. The evening of the same day, managers, general agents, supervisors, and home office men who have attended the bureau's two-week schools in agency

building will gather for their first alumni banquet and reunion. Arrangements also have been made to display the exhibits of company advertising which were recently shown in New York at the Insurance Advertising Conference meeting. There will also be an opportunity to view the advertising and promotional material prepared in connection with the 1932 Life Insurance Day.

Lecture Series Starts

"What Makes Us All So Queer?" is the title of a lecture given Wednesday evening by David Seabury, noted psychologist, in the auditorium in the home office of the Mutual Benefit Life. This was the first of a series of lectures under the auspices of the Pelican Club, an employees' organization.

Other lectures will be: "Song and Laughter," by Arthur Guiterman, poet, Nov. 16; "With Bandits in the Balkans," by John Bakeless, editor and author, Dec. 14; "The German Youth Movement," by Ellery Walter, Jan. 18; "The Romance of Radio," by Frank Arnold, National Broadcasting Co., Feb. 13; "My Father and the Revolution," by Countess Alexander Tolstoy, March 15.

Coast Prospects Brightest

Superintendent of Agents F. A. Hicks of the Guarantee Mutual Life of Omaha, who is on a long tour of the company's agencies, finds life insurance conditions brightest on the Pacific Coast. Much business is being done in Seattle and San Francisco, and all up and down the coast he finds the chimneys smoking. Mr. Hicks has just returned from the Pacific Coast and spent a few days in Indiana visiting the agencies in Indianapolis and Valparaiso, then took part in an all-day meeting of the Chicago agency under Manager Sam B. Starrett, Jr., who has charge of all Illinois. Mr. Hicks was in Davenport, Ia., Tuesday where an agency meeting also was held.

PERSONALS

Henry E. Belden, supervisor for the Union Central Life in New Orleans, is back at work after having been subjected to his 52d operation. In addition to being an expert on insurance matters, Mr. Belden is recognized as an authority on hunting and fishing and has written articles for nationally circulated outdoor magazines.

Leon Schwarz, whose term as president of the city commission of Mobile, expired just recently, has reentered the life insurance business with the Union Central. Mr. Schwarz joined the Union Central in 1912 and was a producer for 14 years. In 1924 he became sheriff of Mobile but continued with the Union Central. A few years later he was elected city commissioner and discontinued life insurance production. Then he was elected president of the commission which carries with it the honor of being mayor.

H. J. Saunders, formerly president of the Western States Life of San Francisco, which was merged last year with the California State Life as the California-Western States Life, died Saturday at San Antonio, Tex. Funeral services were held Sunday at Baton Rouge, La.

Superintendent of Agencies V. B. Coffin of the Connecticut Mutual has been appointed chairman of the sales training committee of the Hartford "Community Chest" drive by Manager J. M. Holcombe of the Life Insurance Sales Research Bureau, who is chairman of the public information division of the chest. The committee headed by Mr. Coffin is a new one. Mr. Coffin was a speaker at a meeting of the Hartford Advertising club, on "Maintaining Sales Under Present Conditions."

"A Source of Comfort Through the Years"

The Record of a Small Policy

THE following letter from a Wisconsin clergyman illustrates strikingly how even a small life policy *kept in force* may be the chief or sole means to security and peace in the later years of life:

"My mind goes back across the years, to an afternoon in North Dakota, when a representative of the New York Life came to my home and urged me to take out some Life Insurance. I believed in insurance but was too poor to make a start. I was so short of money that the agent had to lend me the money for my first premium. My only regret is that I did not let him make it three thousand instead of one, as he wanted to do.

"It has been a source of comfort through the years, to have even so small an amount in a safe place. Now we are no longer young, and have decided to buy a little home. This means that we need the small savings the New York Life has been keeping for us these many years . . ."

This is a \$1,000 20 Payment Life policy issued at age 35. Total premiums paid —\$766.80. Present cash value, including dividend deposits, amounts to \$1,146.21. Through all these years the beneficiary has been protected for \$1,000.

A life or endowment policy (but not term insurance) is an Insured Savings Plan with guaranteed values for retirement.



HOME OFFICE BUILDING

NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE
NEW YORK, N. Y.



Why Not Sell Group Insurance?

One after another great corporations adopt group insurance and win country-wide applause.

Unlike many plans for helping employees it operates just as efficiently and economically in the smaller organizations. It is just as much needed by their members.

These smaller corporations, needing both life and accident and sickness insurance, are innumerable.

You are probably in frequent contact with some of them.

**Connecticut General
Life Insurance Company**
Hartford, Conn.

Geared Selling

Send for booklet
"The Company Back of the
Contract"

Fidelity gears its direct mail lead service to an exceedingly profitable "Income for Life" appeal. The premium value for each dollar invested by its agents last year in this service was \$54.60. Applications written on leads from the service are 36% higher than the company average of all paid policies.

Users Profit Accordingly

"Income for Life," Low Rate Life, Family Income, Disability, Accidental Death Benefits and a full line of annuity forms are included in the Fidelity kit—backed by more than half a century of fair dealing.

**The FIDELITY MUTUAL LIFE
INSURANCE COMPANY**
PHILADELPHIA
WALTER LEMAR TALBOT, President

Vital Subjects to Be Up at American Institute Meet

PROGRAM IS NOW PUBLISHED

Mortality and Underwriting, Reinsurance, Annuities, Surrenders and Conservation Are Among Subjects.

The topics scheduled for informal discussion at the fall meeting of the American Institute of Actuaries in Chicago Nov. 3-4 include mortality and underwriting, reinsurance, annuities and settlement options, life insurance trends, surrender values, conservation of business, and actuarial cooperation in agency matters.

As to mortality and underwriting, members will be asked to discuss the mortality experience in the non-jumbo classes particularly the \$1,000 and \$2,000 risks. There will be a discussion of the suicide situation and the changes that are advisable in policy contracts, underwriting rules or otherwise. Whether the double indemnity benefit affects life insurance mortality and the future of double indemnity will be treated.

Under the reinsurance discussion will come observations on the changes that are being made in limits of acceptance and net retention, how policy loans should be treated under reinsurance and should the coinsurance system be discontinued.

Annuities and Options

Under annuities and settlement options, members will be asked to answer the question: "What assumptions as to interest and mortality are being used and what changes, if any, should be made for immediate annuities, pure deferred annuities, retirement annuities with optional cash values, settlement options under life insurance contracts, and whether there should be a distinction for sex under settlement options?" Also the question is asked: "To what extent is the combined annuitants' table being used for life annuities other than group?" Whether payment by companies of interest in excess of a guaranteed 3½ percent or 4 percent on funds subject to withdrawal is justified will be discussed.

Under life insurance trends, the outlook as to new insurance issues will be discussed and whether a lower general price level would be accompanied by reduced issues and what offsetting factors there are. There will be a discussion of whether an increase in nonparticipating rates is impending and what lessons may be drawn from the experience with industrial insurance during the depression.

Surrender Values

As to surrender values, discussion will center about whether they should be substantially increased in the earlier years to discourage lapsation and substitution and whether they should be increased at all policy durations to provide some protection against the drain due to policy loans and cash surrenders in periods of depression.

Under the conservation discussion, re-writing will be treated, with emphasis on plans being used, whether salaried, commission or by mail; the volume of re-written business; the persistency of re-written business; how twisting to other companies may be minimized and whether rewriting is sound conservation.

Attention will be given to what special arrangements, if any, should be considered to encourage the revival of lapsed policies as soon as business conditions warrant.

Actuaries and Agents

Under actuarial cooperation in agency matters, the methods used to analyze the quality of business submitted by individual agents and agencies will be discussed as well as what studies are being made in agency cost accounting. There

Business Decline Checked, Report on September Shows

NEW YORK, Oct. 20.—September new life insurance was 11.1 percent less than in the same month of 1931. For the first nine months of 1932 new business production was 15.4 percent below last year, according to the Life Presidents Association.

The September decrease of 11.1 percent was the smallest monthly decline compared with the corresponding month of last year—since February, 1932, which showed a decrease of 8.8 percent. During the spring and summer months, the percentage declines ranged from 12.1 percent in March to 23.5 percent in July, with August having a decrease of 20.3 percent.

Results by Classifications

For September, the total new business of all classes written by the 44 Life President companies was \$640,331,000 against \$720,218,000 in September, 1931. New ordinary was \$405,157,000 against \$482,700,000, a 16.2 percent decrease. Industrial totaled \$174,156,000 against \$199,218,000, a 12.6 percent decrease. Group was \$61,018,000 against \$37,300,000, an increase of 63.6 percent.

For the first nine months, new business totaled \$7,020,843,000 against \$8,303,341,000 last year, a decrease of 15.4 percent. New ordinary amounted to \$4,597,174,000 against \$5,586,364,000, a decrease of 17.7 percent. Industrial totaled \$1,939,468,000 against \$2,091,117,000, a 7.3 percent decrease, while group was \$484,201,000 against \$625,860,000, a decrease of 22.6 percent.

Uniform Aviation Data Plan Expected to Be Approved

NEW YORK, Oct. 20.—The plan to place in all life company home offices a uniform, standardized aviation file which was proposed at the American Life Convention meeting in Toronto by T. P. Hay, sales promotion manager of the Transcontinental & Western Air, Inc., has been referred to the Aeronautical Chamber of Commerce through its insurance committee. It is expected that a favorable report will be forthcoming very shortly, as the matter is one in which the aviation companies as well as the insurance companies are greatly interested.

The file as proposed by Mr. Hay would contain information on aviation operations, regulations, accidents and news of technical advances. It would be built up of loose-leaf additions so that it would immediately reflect an accurate picture of trends in commercial flying. Mr. Hay cited the wide diversity of underwriting practice on aviation risks as an indication of the need for such standardized information.

There will be a discussion of how the system of compensation of agents may be related to their real value to the company. A formal paper: "Annual Dividends—An Asset Share Method of Distribution" by E. F. Estes, assistant actuary of the Bankers Life of Nebraska, will be presented. There will be discussion of papers presented at the previous meeting, including that on "Nonparticipating Premiums, Considering Withdrawals" by W. A. Jenkins, assistant actuary of the Lincoln National Life; "Some Aspects of Modern Industrial Insurance" by Frank D. Kineke, assistant actuary Prudential; "Actuarial Notes: Forces of Decrement in a Multiple Decrement Table" by Walter O. Menge of the University of Michigan; "Actuarial Notes: An Analysis of the General Summation Formula" by Mr. Estes.

Aetna Life Gets Results From Employee Analyses

An unusually interesting paper was that of James B. Slimmon, secretary Aetna Life, given in the session on home office management on "Selection and Classification of Home Office Employees" before the American Life Convention at Toronto.

The Aetna Life has now developed a system of careful job analysis, classification and rating which has shown itself to be helpful in many ways. It was determined that salaries paid to employees should be measured by the combined quality and quantity of work done.

Job analyses carefully prepared provide valuable leads in departments where a system of extra salary incentive might increase the effectiveness of each employee and in studying such departments jobs to which a bonus seems applicable are noted.

System of Bonus Payments

The Aetna has installed a system of bonus payments to individual employees in more than a dozen sections of the home office for a quantity of acceptable work above a certain set standard. For the purpose of bonus study the job is broken down into units which can be accurately timed and readily measured for a record of production. It has been found in the average instance that work is speeded up by this extra incentive to the individual and accuracy of the work done is greatly improved. The bonus system has effected material economy of operation, both in the home office and the New York branch.

Among other benefits are (1) a complete record of what each person is doing; (2) tangible recognition of a clerk's superiority which cannot be considered in a regular salary; (3) long service and greater income for better employees and elimination of poorer ones, as aggregate saving of time enables the company to decrease the staff and (4) greater ease of supervision.

No Longer an Experiment

He said the employment tests, job analysis, classification, rating and bonus installation work which began in the life company in 1925, is no longer an experiment. Definite, measurable economies have been effected and continued for a period of years and lately in the face of a declining new business but with an increased number of items in the maintenance division, there have been shown marked reductions in cost. He finds quality and quantity of the individual employee greatly improved. The problem is to increase much further the quality of the home office force, reduce its numbers and as a result pay larger salaries to fewer persons for higher grade production. He said in proportion as the company is able to accomplish this it will advance toward increased production, improved quality and reduction in the cost of the output, the three things for which all life company executives are striving.

In addition to the usual application

forms and physical examinations, which latter is now stricter than ever before, an applicant is required to take a mental alertness test which is an adaptation of the old army Alpha test. Time limits are observed closely in the task and diligence of the individual in applying himself to it. The tests have been used for more than seven years and officers are convinced the marks obtained are significant.

Tests Show Employees' Prospects

There were 2,493 tests given during the past seven years to applicants hired, persons to be transferred and those regarded as eligible for promotion. Of those who scored below 100 in the test at the time of employment, only one in 14.6 had a chance of holding the position of the grade of underwriter, claim examiner or accountant. Those scoring over 100 had one chance in 3.5. The conclusion of the test is that those scoring over 100 have a decided advan-

tage in the probability of reaching a job of the grade of underwriter in the time it takes to reach that job and in their effectiveness in handling it.

Dallas Civic Groups Hear Address by Van Schaick

At the noon luncheon Tuesday given by the Dallas Kiwanis Club and chamber of commerce with the insurance commissioners and their friends as guests, Superintendent Van Schaick of New York gave an address which added new laurels to his crown. O. Sam Cummings, manager Kansas City Life and president of the Dallas Life Managers Club, presided. Among the insurance notables at the speakers' table were Commissioners Livingston of Michigan, Read of Oklahoma, Dugal of Quebec, Foster of Ontario, Tarver of Texas, R. B. Cousins, general Texas chairman on arrangements; Secretary W. H. Bennett of the National Association of Insurance Agents; Manager B. K. Elliott, American Life Convention; former Commissioner Ekern of Wisconsin, former Commissioner Thos. B. Love of Texas, R. M. White, president Dallas Life

Underwriters Association; Tom L. McCullough, president of Praetorians and chairman on Dallas entertainment; C. C. Moore, president Canadian Life Insurance Officers Association; Tom P. Ellis, president Dallas Insurance agents Association.

Mr. Van Schaick said that while the states are independent, there are times and issues when cooperation among them is necessary. The commissioners are endeavoring to make insurance safe. They have tremendous responsibilities, but they are meeting them intelligently and sanely. All companies under New York jurisdiction have \$21,500,000,000 assets and \$340,000,000,000 insurance in force.

The commissioners want and expect the companies to make good on their contracts. There are momentous problems before the commissioners and companies. Insurance, Mr. Van Schaick said, affects every type of civilized activity. The principles underlying insurance might well be applied to other lines with profit. Mr. Van Schaick said that insurance must make provision in times of plenty for leaner days. It is no time to give way to discouragement or despair, he asserted. Tenacious faith in the future should be exemplified.

PRESIDENT ARNOLD'S LETTER TO NWNL FIELDMEN, OCTOBER 7, 1932

To Northwestern National Fieldmen:

The time is approaching when a great many able and industrious men, dissatisfied with their present status, will be seeking a change for the better. Some far-seeing individuals have already decided that, with the worst of the hard times past, now is a good time to get into the life insurance business.

Opportunity will not have to knock twice at the doors of such men, and that institution which makes the strongest appeal to the ambitious, high class individual will profit most in this period of change. Like appeals to like, and men of character and initiative will demand that their connection not only be one possessing all the attributes of quality, but also that it will enable them to cash in to the fullest degree on the opportunities which the golden future of the business will present.

NWNL has always attracted good men, who place a high value on those bed-rock principles for which NWNL stands—impregnable security, the result of competent, experienced management; progressiveness, testified to by its splendid growth; and a fair and square agency policy. As a result, there is no finer agency organization in the country than NWNL's, and a connection with this Company is everywhere recognized as a valuable franchise.

The steadfastness with which NWNL has met the onset of the economic depression, now happily receding, has still further heightened the regard of those best qualified to judge the excellence of a life insurance company, and has firmly established it as a "quality" institution in the minds of the insurance fraternity generally.

As NWNL representatives, you are especially well qualified to spread the gospel to men who are looking ahead that they will make no mistake in identifying their futures with NWNL's.

Yours truly,

O. J. Arnold
President.

A man is known by the Company he keeps.

From the Northwestern National News, Weekly Newspaper for NWNL Agents.



NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY
G. J. ARNOLD, President
STRONG - Minneapolis, Minn. - LIBERAL

Breaks Through Pickets in Iowa to Pay Premium

The New York Life tells of a farmer, who was stopped by pickets in Iowa recently, but refused to turn back because he was on the way to Sioux City, Ia., to pay his insurance premium. Finally the strikers permitted him to pass the lines with a guard. The story was related to the New York Life by Ben Sekt, Sioux City representative.

The New York Life says this incident is somewhat similar to the story of the messenger who, during the civil war, under a flag of truce crossed the battlefield carrying life insurance payments to southern beneficiaries.



Single Valuation Measure Is Vital

(CONTINUED FROM PAGE 5)

ment, he pointed out. Although many questions are settled by statutory provision, particularly those relating to liabilities, there remains a wide field of opinion, differences of interest and variation in the resulting exhibit.

Inquiries Not Profound

Mr. Mitchell asked whether too much reliance is not put on the supervising authorities from other states for the pointing out of objectionable features in the operation or condition of institutions within the home state. "How many of us," he asked, "venture beyond the filing of the annual statements and the inclusion of statistical data in our printed reports? How many of us have provided for a technical analysis of the information data supplied in such profusion?"

These questions, he said, are not regarded as of great importance in normal years and in years of excessive prosperity. But lately, they have become paramount, he said. Despite the efforts to find an agreed and uniform basis of valuation there was almost insoluble

confusion in the requirements of the states as to valuations and the returns of the companies last year.

Mr. Mitchell said that it is not fair to the companies that this confusion should be repeated in the 1932 statement. Neither is it fair to the public or to the potential investor. The responsibility is upon the commissioners, he said. The commissioners must depend upon one another to share the burden, he declared. A complaint or inquiry about a minor technical detail involving companies domiciled outside of California, Mr. Mitchell said he is assured will receive courteous consideration from the commissioners. Such matters, he declared, can be attended to by the home state commissioner with better results. This is the proper field for home rule, he declared, but in the greater responsibilities the commissioners must join hands. Convention examinations are the outstanding and practical application of this view, he declared. Those examinations recognize the inadequacy more manifest today than ever before of the facilities of the home state. These examinations economically conducted with a capable staff should be even more widely used today. He expressed gratification at the insurance examiners of the state departments forming an organization.

Commissioner George D. Riley of

Mississippi discussed Mr. Mitchell's paper. Use of market quotations to ascertain value when securities are held in large amounts, is fundamentally wrong, he said. Market prices in times of great stress do not represent actual value. It is true, however, he pointed out, that when conditions are good, market values are used and when they are bad, amortization and arbitrary market values are substituted. The commissioners, he declared, should watch the dividends declared both to policyholders and stockholders in times like the present.

Importance of Convertibility

Mr. Riley said he did not observe any advantage to be gained by Mr. Mitchell's proposal of setting up a reserve liability on a percentage basis of the excess of the book value over the aggregate market value. Mr. Riley said the same results could be obtained by a method whereby the market values agreed upon and appearing in the statement are fixed at amounts so that the aggregate value of the assets as they appear, would be the aggregate under the proposed system less the contingency reserve. The effect upon surplus is the same, he said, and it would be easier to recognize what values the assets actually have were they listed directly at the agreed values.

Mr. Riley said that the principles of investments applicable to all insurance institutions should take into consideration security of principal, adequacy of yield, readiness of convertibility and diversification. Convertibility is a more important factor to fire and miscellaneous companies than to life, he said. Despite the strain of demands for cash surrender values and policy loans from life companies, there has been the necessity very rarely for selling any considerable amount of assets.

Secondary Reserve Needed

For fire and miscellaneous companies, however, he said a good secondary reserve in quickly convertible assets ranging up to 35 percent of the total assets should be maintained. Investments of companies should be distributed geographically and among securities of different classes, he said.

The home commissioner, according to Mr. Riley, can render the public great service by keeping track of the experience, ability and general character of the management of the home companies.

Insurance stocks were formerly closely held without market quotations, he pointed out, but this condition no longer exists. "Promoters and sharpers," he declared, "and other persons untrustworthy because of inexperience have obtained stock control of some of our institutions with disastrous results to policyholders." He suggested that in licensing companies, the commissioner get inspection reports on the management.

G. A. BOWLES DISAGREES

In discussing Mr. Mitchell's paper, Superintendent G. A. Bowles of Virginia expressed some disagreement with the suggestion in regard to setting up as a contingency reserve an arbitrary percentage of the excess of book value over market value of asset items. A reserve for contingencies or fluctuation in market value should be accumulated in normal and prosperous times rather than in periods when market values reflect only a fraction of intrinsic values, Mr. Bowles said. Such a reserve should not be voluntary, but should be required by statute or departmental ruling, accumulated and segregated for a specific purpose and never to be considered as free surplus. Accretions to the fund could be made from profits on securities sold, from excess of current market values over cost, from interest returns or even by setting aside annually a nominal percentage of the average invested assets. When this reserve fund has been accumulated to a sufficient extent in excess of book value of investments over market value, as well as losses on account of securities sold, to be charged

Heads Commissioners' Executive Committee



DAN C. BONEY

Insurance Commissioner Dan C. Boney of North Carolina, chairman of the executive committee of the National Convention of Insurance Commissioners, is attending the annual meeting this week at Dallas and Galveston.

against it instead of against surplus account.

Mr. Bowles said that Mr. Mitchell's suggestion is good as a temporary expedient inasmuch as it offers a ready method of comparison upon a uniform basis, but it is applicable only in periods of depression. The same result, he declared, could be reached by requiring every company to report its surplus based upon actual market values, after having set up a statement on convention values. Mr. Bowles said there should be a yardstick by which to measure the actual safety of insurance company investments, in normal and abnormal times. The question of yield should be taken into consideration as well as liquidity.

Investments Needing Scrutiny

Mr. Bowles said the investments of insurance companies in utility holding companies should be closely scrutinized. The value of the holding company's assets and its actual solvency at any time depend on the condition of the market and the price of its securities, he said, and in a depression the holding company which has all its money in sound subsidiaries may be bankrupt because of the liquidating value of those securities.

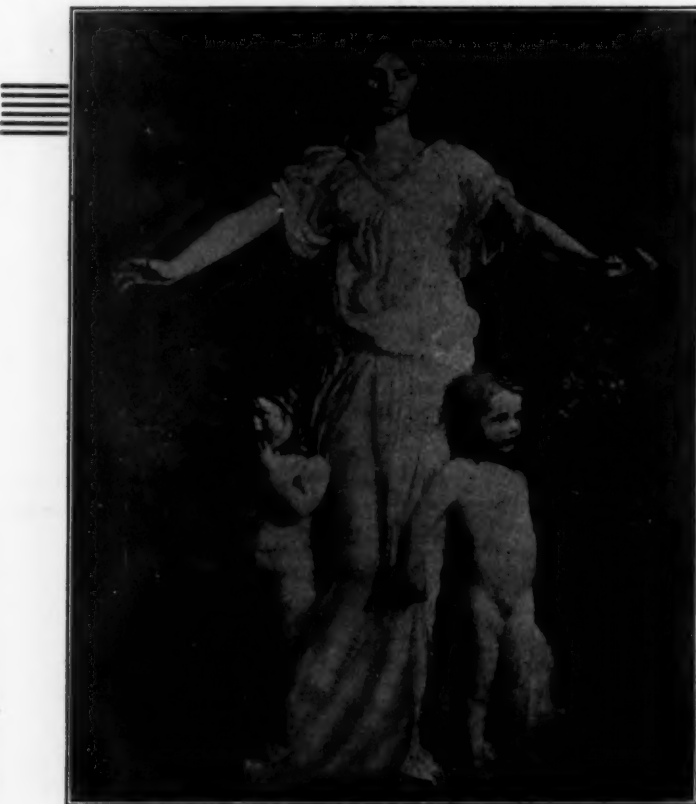
Bell Los Angeles Speaker

"New Training for Old Agents" was the subject of a talk by Clark Bell, supervisor of southern California agencies of the New York Life, before the Life Managers Club of Los Angeles. He emphasized the necessity for the old agent who is in a rut to get back to the fundamentals of the business, particularly with respect to securing and maintaining a live prospect list, as well as a change of age file, and the observance of systematic efforts in field work—based on so many hours, so many calls and so many interviews each day. Also he should be willing to scrap for business all the time, but of course through the exercise of proper methods.

Mead H. Horton, New York Life, president of the Life Underwriters Association of Los Angeles, gave a brief talk outlining the plans of the association for the year, which include a sales congress this fall, as well as a number of afternoon educational meetings.

W. F. Winterble, manager at Madison, Wis., for the Bankers Life of Iowa, has been elected a director of the association of commerce there.

The insignia of RELIANCE LIFE symbolic of PERFECT PROTECTION



The painting "Caritas" by Abbott H. Thayer portrays Love, represented as a maiden of noble figure, standing guard over a little boy and girl. This art treasure was adopted as the insignia of Reliance Life, when the Company was organized in 1903, because it symbolizes protection — the fundamental purpose of life insurance.

RELIANCE LIFE
INSURANCE COMPANY OF PITTSBURGH
FARMERS BANK BUILDING PITTSBURGH, PA.

Fresh Prospect List Is Essential, Thorp Advises

In his monthly letter to subscribers Abner Thorp, Jr., editor and manager of the "Diamond Life Bulletins," makes the observation that the slump in life insurance sales is due to the unwillingness or inability of life insurance men to keep working upon a fresh list of prospects. Mr. Thorp says in part: "An extensive investigation indicates that one of the outstanding causes of our present slump in life insurance sales is the unwillingness or inability of underwriters to keep working upon a fresh list of prospects."

Careful, Habitual Prospecting

"Salesmen who insist upon confining their solicitation to policyholders or old prospects are simply not doing the business and are generally in a blue funk because of their small production."

"On the other hand, underwriters who are using a carefully planned system of securing new leads, and have formed the habit, at every interview, of making that interview produce at least one new name of a promising kind, are writing business consistently and are in a much more optimistic and courageous mood than their associates who do not follow the plan."

"Of course, it takes a larger number of interviews in these days to produce a sale than it did two or three years ago, no matter how carefully the prospecting work is done. But, this very fact should indicate at once the absolute necessity of careful and habitual prospecting, if anything like a satisfactory volume is to be written."

"Managers and general agents everywhere tell us that one of the most difficult things confronting them today is to keep their associates enthusiastic and in fighting trim, so that their efficiency will not be hopelessly sapped by the turn-downs which they are bound to experience."

"There are two ways to produce enthusiasm:

"1. By generating it within oneself by a re-analysis of the fundamentals of our business, which will show life insurance as the one financial plan available for the complete solution of man's primary economic problems."

"2. By generating it through human-interest stories and the review of cases illustrating the benefits of life insurance at work."

"Both of these methods are required today and the general agent or manager or underwriter who attempts to rely upon either one exclusively will not obtain maximum benefits."

All-American Agents Meet

Officers and agents of the All-American Life, Amarillo, Tex., held an all-day meeting at the home office. R. E. Butten, reinsurance field supervisor for the Peoria Life, spoke at the luncheon on "Stability of Insurance." Short talks were also made by several of the officers of the company.

An association of agents was organized with Joe W. Ryan, Lubbock, as president; W. H. Walker, Shamrock, vice-president; John Archer, Amarillo, secretary, and W. E. Sturdevant, Amarillo, treasurer.

Memorials to Kingsley

The directors of the New York Life have adopted a tribute to the memory of Darwin P. Kingsley, late chairman of the board of that company, and for a quarter of a century its president. The memorial recalls that Mr. Kingsley became president of the company at the close of the Armstrong investigation when all financial institutions were under popular distrust. "To assume the responsibility," the memorial stated, "not only of rehabilitating his own company but of restoring public confidence in the institution of life insurance required ex-

ceptional courage and capacity. He did not shrink from the task. The entire insurance world recognized him as the best equipped and ablest life insurance executive of his time. Few Americans of his generation have so effectively combined an administrative ability of the highest type with the power to perceive, analyze and interpret the social, economic and political currents of past and present history."

Tribute has also been paid to the memory of Mr. Kingsley by a resolution of the Nylc Post No. 503 of the American Legion, whose membership is composed entirely of war veterans of the company.

Mutual Benefit Conferences

The Mutual Benefit is holding four regional conferences for general agents this week and next. The first was held at the home office Monday and Tuesday. Then E. E. Rhodes, vice-president, and Oliver Thurman, vice-president and superintendent of agencies, are attending the southern conference in Louisville Thursday and Friday of this week and then will go to Denver for the western conference next Tuesday and Wednesday.

The New England conference is being held in Worcester, Mass., Friday and

Saturday, with the home office delegation consisting of John S. Thompson, vice-president and mathematician, and G. Franklin Ream and V. W. Lamms, field service managers.

Hicks to Home Office

Paul Hicks, who has been in the group department of the Edwards A. Woods Company of Pittsburgh, since graduating from Princeton University in 1926, has joined the group department at the head office of the Equitable Life of New York. He holds the C. L. U. designation.

Leonard Rejoins Mid-Continent

R. E. Leonard has returned to agency supervisory work with the Mid-Continent Life of Oklahoma City, after doing similar work with the Royal Union Life for the last five years. Before joining the Royal Union, he was with the Mid-Continent for ten years.

Ohio State Shows Good Gain

An increase of 20 percent in paid-for business the first nine months of 1932, as compared with the corresponding period last year, was reported by President U. S. Brandt at the quarterly meeting of directors of the Ohio State Life. The

usual quarterly dividend of 2½ percent was declared.

Chapman in Iowa

W. R. Chapman, assistant superintendent of agencies of the Northwestern Mutual Life, is representing the home office at a series of general agency meetings in Iowa, covering the C. R. Garrett general agency, Sioux City, Oct. 17-18, J. H. Copeland general agency, Davenport, Oct. 19-20, and the J. C. Garland general agency of Dubuque, meeting in Charles City, Oct. 21-22. He will address the R. H. Pickford general agency at Cedar Rapids Oct. 27-28.

Jacobson-Wilson-Johnson Co.

The newly organized Jacobson-Wilson-Johnson Company agency of Minneapolis, which has just taken over the A. J. Schunk agency of that city, has taken on the Mutual Trust Life of Chicago as well as representing fire and casualty companies. D. W. Johnson has been with the Schunk agency three years. The representation of the Mutual Trust Life is through General Agent O. I. Hertsgaard of Minneapolis.

Ray O. Stahl, formerly with the Acacia Mutual Life, has been appointed general agent in Kansas City for the Bankers Life of Nebraska.



Great Salesmen of History



CHARLEMAGNE

AT Rome, on Christmas Day, in the year 800 A. D., when the cloak of Augustus fell upon the shoulders of a Frank and Charlemagne felt the crown pressed upon his head, classical civilization ended, the West split with the East and a new era began in the world's history.

By sword and cross Charlemagne brought order out of chaos to a whole continent. Great as a warrior, he was even greater as an administrator and civil ruler.

And scarcely less momentous for the cause of civilization than his gift of political unity were the achievements of Charlemagne in fostering education and the arts. The coronation of Charlemagne marked the beginning of modern Europe. Rightly he flashes across the centuries as one of the immortal figures of all ages!



ROYAL UNION LIFE INSURANCE COMPANY

A. C. TUCKER
Chairman of the Board

J. J. SHAMBAUGH
President

DES MOINES, IOWA

Commissioners in Colorful Sessions

(CONTINUED FROM PAGE 3)

Read of Oklahoma, Dunham of Connecticut, Clark of Iowa, DuLaney of Arkansas, Van Schaick of New York, Foster of Ontario and Fishback of Washington. An unusual tribute was paid the veteran Fishback, the oldest commissioner in point of service, having served for 24 years, as the audience arose to do him honor. Superintendent Foster of Ontario stated that no Canadian life company has ever collapsed and no bank of Canada has had to close during this period of depression. Commissioner Fishback has been renominated for the sixth time and is awaiting the results of the election next month.

Livingston's Address

Commissioner Livingston of Michigan, in his presidential address before the convention, declared there has been no failure of a life company which was well and honestly managed, although all companies have felt the drain of cash surrender and loan values. He said he is old-fashioned in his ideas of life insurance. "I feel," Mr. Livingston observed, "that the purpose of life insurance is the protection of lives and while cash surrender and loan values may be entirely desirable in good times, it is unfair and unwise to place life insurance companies in the position that banks are in in times like these."

"Extended insurance and paid up insurance," he said, "are provisions that are desirable, both for the company and the insured, but I think we all should give serious study to the problem of cash surrender and loan values. Possibly they should not be discontinued entirely but it seems to me that the companies might well be given an opportunity of meeting such demands over

a period of time, as annuities are paid. "It should be the object of everyone interested in life insurance," Mr. Livingston continued, "to make certain that when an insured dies the beneficiary should receive the face value of the policy. There should be no question as to that and any provision or provisions in a policy contract which will jeopardize that end should be eliminated. Competitive features in the sale of life insurance policies should not place the whole structure in a position where there can be any doubt as to the protection of lives."

Insurance companies of all classes, according to Mr. Livingston, should know the cost of carrying the risk and any company believing that it can underwrite business below the rate that experience has shown should feel themselves on dangerous ground and should be watched by the commissioners. "A company which indulges in such practice," he said, "is on the road to insolvency."

Commissioner Olsness of North Dakota said he had been born and raised a farmer. He spoke before the commissioners' meeting when he was first elected to office in 1917. He spoke at Dallas on the evil of interlocking investments and directorates of stock life companies. This practice, he said, is not so ominous in fire and casualty as in life insurance. One can quickly make his exit from the two former classes without much loss, whereas with life, he may have material equity. He recommended that a committee of five be appointed to consider the subject of interlocking directorates so far as life companies are concerned and to outline a plan of action to curb the practice.

Commissioner Thompson of Missouri said the ravages have been devastating in the life field due to the interlocking and holding company system. The Inter-Southern Life and Security Life of Chicago, both forced to the wall, were cited as victims of these vicious

practices. He feels drastic remedies will have to be devised to meet this condition. He suggested that the committee of five draft an appropriate bill to be presented to legislatures.

Commissioner Brown of Minnesota moved that the committee named investigate the whole subject and especially the recommendations of Commissioner Olsness and Thompson, and report at the December meeting a definite plan of procedure. On Monday afternoon, Superintendent Van Schaick of New York called a meeting of the valuations committee, to which were invited any who desired to attend, but it was executive so far as the press was concerned. Other committee meetings called were: Tarver of Texas, fraternal; Hanson, Illinois, fire; Bowles, Virginia, accident and health.

Commissioner Tarver of Texas will doubtless be the next president of the National Convention of Insurance Commissioners. He has been first vice-president. His term expires in February and, being aligned with the Governor Sterling group, he will not be reappointed by the next gubernatorial incumbent, Mrs. Ferguson.

Committee Is Named

Commissioner Livingston of Michigan, the present president, announced he would not accept a second term, although much pressure was brought on him to serve again. With the wealth of hospitality here in Texas and with Commissioner Tarver being the state official, together with him being next in line, it is logical for him to be elevated to the high office. Commissioner Brown of Minnesota, second vice-president, will doubtless move up. There is considerable competition for the second vice-presidency, but the indications are Commissioner Boney of North Carolina, chairman of the executive committee, will start up.

President Livingston appointed the special committee to investigate holding companies and interlocking directorates

of life companies and report at the December meeting, it being Brown, Minnesota, chairman; Olsness of North Dakota, Thompson of Missouri, Gough of New Jersey, Van Schaick of New York.

C. W. Hobbs of the National Council on Compensation Insurance reported Tuesday morning, his copy being compressed in a printed volume of 47 pages. He deplored the fact that classes of carriers are not able to get together on major issues. He feels petty differences should be eliminated. If these clashes continue he will be inclined to call for convention action. Commissioner Mitchell of California read his paper on "Assets of Insurance Companies." He argued for greater uniformity in action among the states as to valuations. He feels the home state commissioner should be held responsible for his companies; he is on the ground and should have all the facts before him. He stated that convention examinations should have wider use. Commissioner Mitchell had prepared resolutions dealing with valuation, but he decided to withhold them until the December meeting.

Commissioner Bowles of Virginia did not agree with Commissioner Mitchell's recommendation that a contingency reserve be created equaling the excess of book over market values. He does not believe in an arbitrary reserve. He advocated more ample reserves being set up during normal years. Commissioner Riley, attending his first annual meeting, full of humor and sentiment, elicited roars of laughter with his inimitable negro stories and his impersonation of characters. Mr. Riley declared market values do not often reflect true values, especially in time of stress. Commissioners, he said, should watch stockholders' and policyholders' dividends in times like the present. He is not in favor of speculative investments for insurance companies. He, too, stressed the importance of commissioners keeping in close touch with home companies.

Commissioner Knott of Florida extended an invitation to hold the next

THE present paralysis of business with its attendant unemployment crisis is due in large part to the fact that municipal, state and federal taxes are consuming the capital upon which business and industry operate. The load is unbearable and the resulting conditions have become intolerable.

Make no mistake about it—increased taxation produces business stagnation and unemployment.

Here is the situation: In 1912 the cost of government—federal, state and local—was two billion dollars, or 6% of the national income. In 1931 it was twelve billion dollars, or 22% of the national income, and it is headed upward. Where will we land at this rate of increase? One adult out of every ten in the United States is on the public payroll. *One day's earnings out of every five goes to pay the cost of government.* One dollar out of every three of profit of a corporation or firm goes to taxes.

This extravagance cripples all industry.

Nobody escapes taxes. When the Government taxes industry the tax is passed on to the consumer, and that makes everybody a taxpayer. The Government is all of us and each of us. When the Government borrows money it does so in your name and mine. We indorse the note and must pay it with interest.

The inevitable tendency of taxes is to increase. They won't stand still or recede unless there is an organized effort to control their devastating forward march. The present tax burden was built up by organized minorities. It can only be halted or diminished by the vociferous protest of an organized majority.

TIME TO CAL



annual meeting at St. Petersburg, Fla. Commissioner Kidd of Indiana held over until Tuesday afternoon to give his paper on "Are Market and Liquidation Values Always the Same?" He said insurance is a business of deferred liabilities. It is this very fact that makes the valuation of insurance company assets different from other businesses. If a company can meet its current obligations, then the interest of the public centers in the value of the securities at time of their maturity. He does not believe in emergency measures but feels that a program should be mapped out by the convention to be used at all times.

Commissioner DuLaney of Arkansas said forced sales do not give true values. Maturity values give a truer picture. He urged company officials to use the amortization plan wherever possible. The convention went into executive session after Mr. DuLaney spoke.

Final Session at Galveston

The final business session shifted to Galveston, where Superintendent Van Schaick of New York gave his notable address. It was discussed by Commissioner Mortensen of Wisconsin. C. W. Hobbs of the National Council on Compensation Insurance gave his report as the representative of the commissioners. There were 32 states responding at roll call.

The local Dallas committee arranged a very engrossing entertainment program. The ladies were taken to the Dallas Country Club for luncheon Monday noon. All conventioners went that evening to the same club for dinners and dance and to enjoy a program of professional entertainment. Many attended the luncheon Monday given by the Dallas local agents when Secretary W. H. Bennett of the National Association of Insurance Agents and President Haid of the Insurance Executives Association spoke.

At the joint luncheon of the Kiwanis Club and Dallas chamber of commerce

Hotel Manager Urges His Help to Buy Insurance

Ralph Hitz, president of the Hotel New Yorker and National Hotel Management, Inc., which operates hotels in Detroit and Dayton, O., as well, has, in a bulletin, urged his employes to buy as much life insurance as their incomes justify. The depression has taught no more important lesson than the value of life insurance, he said. Life insurance companies have been a tower of strength, and no investment has been more profitable and no protection more certain. "When I was a boy," Mr. Hitz declared, "we used to play a game called blind man's buff. One of us tied a handkerchief over his eyes and stumbled along trying to find his way to the other."

"The man who doesn't plan for his family and his own future by buying life insurance is like a boy with the handkerchief tied over his eyes, stumbling and groping his way. Don't play blind man's buff with life."

Tuesday, Superintendent Van Schaick of New York gave a talk.

On Tuesday afternoon all hands went to the state fair now in progress at Dallas. In the evening they were given a barbecue dinner and witnessed a rodeo exhibition.

Went Down to the Gulf

The commissioners and their party entrained at 11:30 p. m. for Houston, where they were guests of the insurance fraternity there for breakfast at Rice hotel. At 10 a. m. the conventioners left for Galveston and spent the afternoon on the U. S. battleship "Saranac" on the Gulf of Mexico. In the evening there was a dinner dance. The American National Life of Galveston was host at a lunch Thursday noon. Some of the

visitors left for San Antonio, where they are to spend Friday. Others will tarry at New Orleans for a day or two en route home.

Canada is represented at the meeting by Insurance Superintendents R. Leighton Foster of Ontario and B. A. Dugal of Quebec; Vice-President Cecil C. Moore of the Imperial Life of Toronto, who is president of the Canadian Life Officers Association; Vice-President C. S. V. Branch of the Sun Life of Montreal, and V. R. Smith, Confederation Life.

Quartet Meets Train

A quartet of Dallas insurance men, Alfonso Johnson, secretary Dallas Insurance Agents Exchange; T. R. Mansfield, manager Gulf Insurance Co.; E. G. Brown, actuary Southwestern Life, and Vice-President B. H. Mitchell, Texas Security Life, met the special train from St. Louis at Denison, Tex., just beyond the Oklahoma border. All on board were registered and furnished programs and admission tickets to the various events. At the Dallas station a large local committee welcomed the guests.

At the dinner three young Dallas athletes who won distinction and prizes at the Olympic Games were presented—Babe Didrickson, the famous woman champion; Roland Wolfe, tumbler, and Gus Moreland, crack golf player.

Dinner in St. Louis

The St. Louis insurance companies entertained the commissioners' delegation at a dinner Saturday evening at the Park Plaza. The eastern contingent arrived early in the afternoon and were taken on a sight seeing trip. Many played golf. The Chicago train arriving in the evening was met by St. Louis company officials and escorted to the hotel. Commissioner J. B. Thompson of Missouri presided at the opening of the dinner.

The St. Louis company officials were out in full force and sponsored the entertainment. W. T. Nardin, president

Now Is the Best Time Not to Talk Politics

The Acacia Mutual warns that these are good days not to get into an argument on politics, prohibition, religion or conditions. "If you let your prospect beat you in the argument," the Acacia Mutual states, "he will feel able to beat you with his argument against buying insurance. If you don't let him beat you, he will be angry at you and won't buy for that reason. So stick to your story. Stay off dangerous side tracks."

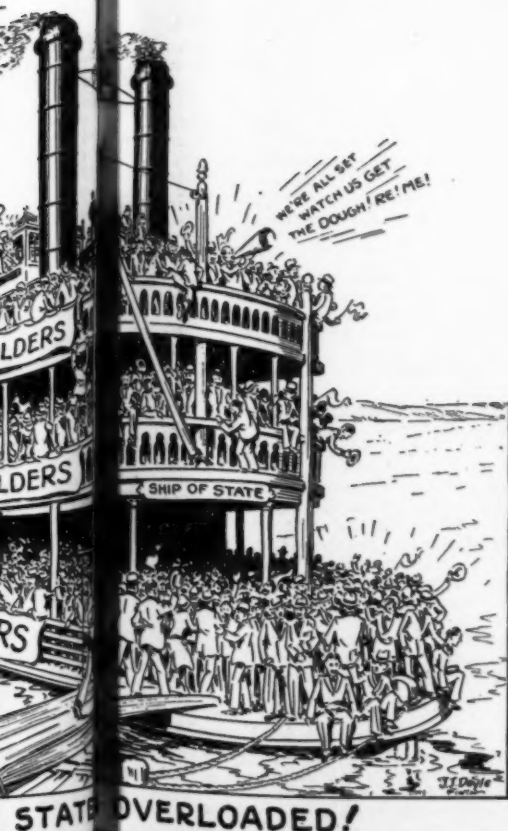
of the Missouri State Life, acted as master of ceremonies. Commissioner Livingston of Michigan, president of the National Convention of Insurance Commissioners, Col. H. P. Dunham of Connecticut, Superintendent of Insurance R. Leighton Foster of Ontario, Manager Byron K. Elliott of the American Life Convention, spoke briefly. The train left for Dallas at 10 o'clock.

Two More Companies Sign Anti-twisting Agreement

(CONTINUED FROM PAGE 3)

The danger, especially where heavily loaned policies are involved, is not so much from professional twistors but from well-meaning agents who have "kidded" themselves into believing that a policyholder might be better off changing companies or getting rid of a mortgaged policy. The fact that there are sometimes cases when a man is actually better off making the change makes it difficult to know just where to draw the line.

CALL A HALT!



The Government is now engaged in many expensive pursuits that don't come within the scope of government. Small, well-organized groups have succeeded in getting appropriations for activities that have no relation to government. In the course of time a small research body becomes a major government bureau with a staggering annual appropriation and with an ever-lengthening payroll of office holders—and how they hold!

This must stop. The reckless extravagance in government must be curbed and controlled. We have proceeded too long on the idea that what's everybody's business is nobody's business, only to be confronted with the stern fact that the cost of public business is every citizen's concern.

It is futile to hope for sound business conditions and steady employment while we tolerate a policy of prodigal extravagance in government.

You, as a citizen, can help remedy this condition by your protest and your vote. This is not a time for partisanship but for patriotism. Tell those who represent you in municipal, state and federal offices that you expect, require and insist upon economy in government. You can do this individually but by all means do it collectively through any organization or organizations to which you belong.

Public opinion writes its own ticket. If you want economy in government you have only to order it. Add your voice to the public protest that no office holder dares to ignore. Cast your vote, irrespective of party, for those candidates who are pledged to run the business of government on a business-like basis.

—C. F. WILLIAMS, President

THE WESTERN AND SOUTHERN LIFE INSURANCE COMPANY

Cincinnati, Ohio

THE NATIONAL UNDERWRITER

LIFE INSURANCE EDITION

Published every Friday by THE NATIONAL UNDERWRITER COMPANY, Chicago, Cincinnati and New York. EDWARD J. WOHLGEMUTH, President; JOHN F. WOHLGEMUTH, Secretary; HOWARD J. BURRIDGE, Vice-President and General Manager; W. A. SCANLON, GEORGE C. ROEDING and O. E. SCHWARTZ, Associate Managers

C. M. CARTWRIGHT, Managing Editor
LEVERING CARTWRIGHT, Asst. Managing Editor
FRANK A. POST, Associate Editor
CHARLES D. SPENCER, Associate Editor
DALE R. SCHILLING, Associate Editor

PUBLICATION OFFICE, A1946 Insurance Exchange, CHICAGO. Telephone Wabash 2704
CINCINNATI OFFICE, 420 E. Fourth St., Tel. Parkway 2140. RALPH E. RICHMAN, Manager
ABNER THORP, JR., Director Life Insurance Service Dept.

NEW YORK OFFICE
805-123 William St., Tel. Beekman 3-3958

EDITORIAL DEPT.
GEORGE A. WATSON, Associate Editor
R. B. MITCHELL, Assistant Editor

BUSINESS DEPT.
NORA VINCENT PAUL, Vice-President
W. J. SMYTH, Resident Manager
ALBERT S. CUTLER, Manager Industrial Dept.

NEW ENGLAND OFFICE—BOSTON
225-80 Federal St., Tel. Hubbard 3335
J. M. DEMPSEY, Resident Manager

DALLAS OFFICE: 905 Southwestern Life Bldg., Tel. 2-4063; R. J. McGEHEAN, Resident Manager
Entered as Second-class Matter June 9, 1900, at Post Office at Chicago, Ill. Under Act, March 3, 1879

Subscription Price \$3.00 a year; in Canada, \$4.50 a year. Single Copies 15 cents.
In Combination with The National Underwriter Fire and Casualty, \$5.50 a year; Canada \$10.50

Member Audit Bureau of Circulations

Straying from the Right Path

A. GORDON RAMSAY of Toronto, assistant general manager of the CANADA LIFE, in his admirable paper before the Agency Section of the AMERICAN LIFE CONVENTION brought out the point that the ethics of life insurance which took so long to develop have slipped noticeably during the last few years under the strain of great economic stress. Business has been and is hard to get. Agents frequently find themselves confronted with a most serious situation in earning a living. Many become discouraged. Several did not possess sufficient resourcefulness to adjust themselves to new conditions. These were hunting the line of least resistance.

Frequently they found they could induce a policyholder who had secured a loan to drop his insurance and take new insurance in the agent's company. Prac-

tices have been winked at that would not be tolerated in years gone by. There has been a falling down in the morale of the agency troops. Little by little men salved their consciences and then became bolder in their disregard of those primary principles in business that should have been adhered to, thus undermining the business.

This condition is to be deplored. It means that it will take years to build up what has been torn down. Perhaps there has been no clearer indication of a weakening of the ethical processes than has come to light in replacement of policies of one company in another. The agency executives have a real task to perform in sounding the old tocsin of the Golden Rule and injecting into the sales forces the higher ideals of their calling.

Must Put Forth More Effort

PRESIDENT HERMAN A. BEHRENS of the CONTINENTAL ASSURANCE, in speaking before his agency club gathering stressed the point that both agents and home office people need not think they can accomplish the same results that they did a few years ago with the same amount of effort. Conditions have changed. In order to get the same results as came five years ago Mr. BEHRENS calculated that a person must work from 25 to 50 percent harder. He must labor

more intelligently, more consistently and in a more business like way to get any appreciable results.

The legal reserve ship in this great storm is weathering the gale because it was well constructed in days of plenty and the material was substantial. Business must prepare for these emergencies. One cannot expect in bad times that he can use the same methods and get the same results that he does in times of prosperity.

Seek Return of Confidence

ONE of the factors that will do more than anything else to bring about better conditions and better times is a return of confidence. When confidence is impaired, the minds of people are greatly disturbed and bewildered. Nothing can

be accomplished without faith in the future. People at present are afraid to take any steps. They lack courage. Let us hope that confidence is being restored. Without it, the depression might continue indefinitely.

PERSONAL SIDE OF BUSINESS

E. H. Fulton, 60, for the past 27 years a general agent for the Missouri State Life, died at Richmond Heights, Mo., Oct. 10 following a stroke of paralysis suffered five days previously. Mr. Fulton resided at Webster Groves, Mo., and operated his general agency in St. Louis. He was one of the oldest employees in point of service for the Missouri State Life.

Heber J. Grant, president of the Utah Home Fire and Beneficial Life of Salt Lake City, is recovering rapidly from a major operation performed recently at the Presbyterian Hospital in Chicago and expects to be able to return home in the course of a week.

Stratford Morton, son of Stratford Lee Morton, general agent in St. Louis for the Connecticut Mutual Life, has won a regular place on the first football team of Yale because of his splendid work against Chicago. He has been a backfield understudy of Bob Lassiter, star of the Yale squad. He is 20 years old and starred with the freshman football and track squads last year.

W. H. Sargeant, president, and A. T. Maclean, second vice-president and actuary of the Massachusetts Mutual, during a three-day visit to Cleveland, were entertained by General Agent E. W. Snyder. Mr. Snyder was host at a dinner at his home, overlooking the Shaker Heights Golf Course, for Mr. Maclean and Mr. Sargeant, about 70 representatives of the Cleveland agency being present. Talks were made by Mr. Maclean, Mr. Sargeant, H. H. Wise of Lorain, O., and R. C. Stanton of Mansfield, O. Mr. Snyder was toastmaster.

Mr. Snyder has been general agent for the Massachusetts Mutual in Cleveland for about 30 years. The agency has \$85,000,000 insurance in force.

D. A. Kleinberg, who is an agent of the Manufacturers Life in Toronto, achieved distinction recently, writing 50 individual applications in 15 days. This is remarkable in view of the conditions of the times. Every one was secured personally and there was no group or salary deduction insurance involved. His father, N. Kleinberg, has been an outstanding agent of the Manufacturers Life in Montreal for 22 years. Mr. Kleinberg proved to himself and others that business can be gotten if it is gone after.

S. T. Whatley, Chicago general agent of the Aetna, has gone to Hartford to confer with home office officials for several days.

Charles C. Herrick, 80, believed to be the oldest active life underwriter in New Jersey, who was injured several months ago as a result of a fall, has recovered sufficiently to be at his office, but walks with the aid of a cane. He is with the Van Vliet & Keer agency of the Prudential in Newark.

N. C. Sherburne, chairman of the board of the Modern Woodmen, died last week in a hospital in Columbus, O., after an illness of several months. He was 67 years of age. Funeral services were held from his late home in Newark, O., and were attended by most of the head officers of the Modern Woodmen and others in the order.

Mr. Sherburne had been chairman of the board for several years. Before that he was state deputy in Ohio for the Modern Woodmen.

David P. Scobie, an agent for the Travelers in Chicago, has purchased for \$150,000 the 27-acre estate in Lake Forest, Ill., of Arthur Reynolds, former chairman of the Continental-Illinois Bank & Trust Co. The home was

erected three years ago at a reported cost of \$650,000. Mr. Scobie has been connected with the Travelers for about three years. His father represents the Travelers in Berlin, Wis.

Hillsman Taylor, former president of the Missouri State Life, now is residing in Memphis, Tenn., where it is reported he is preparing to practice law.

Alex B. Cunningham, son of President H. R. Cunningham of the Montana Life, has entered field work as special agent in the T. K. Baker western Montana agency of the company, with headquarters at Missoula. Young Cunningham graduated from the University of Montana last June and since that time he has worked in the home office mastering the details of the various departments.

Henry W. Tryloff, manager of the Mt. Clemens, Mich., sub-branch of the Sun Life of Canada, last week celebrated the 25th anniversary of his affiliation with the company. He became manager in Mt. Clemens under Ernest W. Owen, state manager, in 1928.

John G. Richter, president of the London Life, London, Can., prominent in other activities there, died at his home there last week. He went to London in 1883 as manager of the London Life, which position he retained until 1920, when he became vice-president, and in 1928 he was elected president.

The Matthew Keenan Health Center, made possible by a trust fund established in 1898, has been dedicated and turned over to the city of Milwaukee. It is a monument to the civic interest of Matthew Keenan, at one time vice-president of the Northwestern Mutual Life, who died in 1898, and his widow, who died 20 years ago. H. N. Laffin, associate counsel of the Northwestern Mutual, presided as chairman at the dedicatory program, and recalled the achievements of Mr. Keenan during his lifetime.

Adolph O. Eliason, Minnesota state general agent for the Minnesota Mutual Life, has returned to his desk after an absence of 10 days following removal of his tonsils.

Former Commissioner Don C. Lewis of South Dakota, who resides at Pierre, has had to undergo a third operation at Rochester, Minn. He acted as official host when the commissioners held their annual meeting in the Black Hills two years ago.

Charles F. Williams, president of the Western & Southern Life, and W. C. Safford, vice-president of the Western & Southern Fire and Indemnity companies, are in Texas attending the annual convention of commissioners.

John D. Cramer, deputy insurance commissioner of Indiana, is wondering if all the companies and individuals that had grievances against the Indiana department intentionally waited until they knew that Commissioner John C. Kidd was well out of the state attending the commissioners' convention in Texas before they swung into action. Last week Mr. Cramer, as official representative of the department, was served with two court injunctions and made defendant in four suits. He says he'll consider himself lucky if Commissioner Kidd does not find him in jail when he gets back.

The Wichita chamber of commerce gave a dinner last week for Henry Laffer, formerly of Oklahoma City, newly appointed general agent for the Northwestern Mutual Life in Wichita. C. Q. Chandler, chairman of the board of the First National Bank of Wichita and a director of the company, was toastmas-

ter. Talks were made by P. M. Anderson, who has represented the company in Wichita for more than 40 years; Victor Murdock, editor Wichita "Eagle"; M. M. Levand, managing editor Wichita "Beacon," and others. About 50 representatives of the company were present. George Brady, who bought the first Northwestern Mutual policy in Wichita from Mr. Anderson over 40 years ago, was a guest of honor and the policy was shown to the guests. The general agency will be opened Nov. 1 and will have supervision over two-thirds of Kansas.

E. M. Goldstein, general agent Pacific Mutual Life, San Antonio, Tex., was a guest at a dinner given by his

associates and friends in honor of his 25th anniversary in the service of the company as general agent. R. E. Watts, cashier of the San Antonio agency, was toastmaster. W. H. Hoefflin of the home office presented Mr. Goldstein with a diamond pin and his associates also gave suitable tokens of their esteem.

Maintaining an average paid production of over \$565,000 a year for his first five years with the company is the enviable record achieved by T. I. Ramer, district agent at Wilkes-Barre, Pa., for the Lincoln National Life. He has won many company honors and has been a member of one or more of the company's leading honor clubs year after year.

LIFE AGENCY CHANGES

O'Brien Is Eastern Manager

Former Company President Takes Large Territory With North American, Headquarters in Newark

M. E. O'Brien, founder and former president of the Detroit Life, is to become eastern manager for the North



M. E. O'BRIEN

American Life of Chicago, taking over the existing agency at 60 Broad Street, Newark. He succeeds the late Al Schurr, who died a year ago. This is the company's largest agency.

Mr. O'Brien goes from the Macca-bees, for which he has been New York manager since retiring from the Detroit Life. He has done a very large volume of business for the Macca-bees. He takes over his entire organization of some 60 men to the Newark office.

He has been in life insurance since 1900, starting with the Northwestern Mutual at Calumet, Mich. He became district agent in 1903 and general agent for northern Michigan in 1907. He was made manager and vice-president of the Detroit Life in 1910 and was elected president the following year.

Mr. O'Brien's territory is New Jersey, Pennsylvania and Connecticut.

M. P. Carlton

Monroe P. Carlton, for the past three years one of the leading producers of the M. L. Woodward general agency of the Northwestern Mutual, has been appointed Detroit branch manager of the Life of Virginia, relieving H. C. Dodson, agency supervisor, who has been in charge since the resignation of Lloyd E. Douglass several weeks ago to become supervisor of the C. A. Macauley agency of the John Hancock Mutual. Mr. Carlton was with the George M. Robinson general agency of the National Life of

Vermont in Detroit for a number of years before joining Mr. Woodward in 1929.

William Moore

William Moore, for the past 12 years Los Angeles manager for the Union Mutual Life of Maine, has been appointed general agent for southern California of the Franklin Life of Springfield, Ill.

F. J. Quinn

Frank J. Quinn, former supervisor for the Detroit Life in Missouri, has been appointed associate general agent with the Detroit general agency now known as Livernois, Quinn & Speier.

Ray W. Smith

Ray W. Smith of Washington, D. C., has been appointed life manager of the Mutual Insurance Agency, which has become general agent of the General Mutual of Van Wert, O. Mr. Smith goes from Milwaukee, having been connected with the Firestone Tire & Rubber Co. there. He served a term as vice-president of the Milwaukee chamber of commerce.

B. E. Chatten, Joe Dell'Era

Bert E. Chatten of Quincy, Ill., has been appointed general agent of the Continental Assurance there, and Joe Dell'Era general agent in Herrin, Ill. Mr. Chatten has had 25 years' life insurance experience starting with the Farmers National, now the Federal Reserve, with which he spent 17 years. Mr. Dell'Era is an influential man of Herrin who has had no previous life insurance experience.

R. E. Grissinger

A. Bodycombe of Detroit, state agent for the Home Life of New York in Michigan, has opened an office in Lansing, with R. E. Grissinger, who will place second or third among all Home Life agents this year in volume of production, in charge. Similar offices will be opened shortly in other principal cities in the state.

Frank R. Venable

The Montana Life has appointed Frank R. Venable district manager at Butte, Mont., in charge of Silver Bow, Deer Lodge, Madison and Beaverhead counties. He succeeds P. M. Sullivan, who is retiring because of ill health. Mr. Sullivan will continue with the company as a special agent. For the past four years Mr. Venable has been state manager for the Universal Bond & Mortgage Company of Portland. Prior to that he was manager of the Butte chamber of commerce.

J. D. Hereford, G. R. Eckman

J. D. Hereford and G. R. Eckman have been appointed general agents in Los Angeles for the Central States Life of St. Louis, with offices in the Associated Realty building. Both were for-

AN AGENCY-MINDED COMPANY

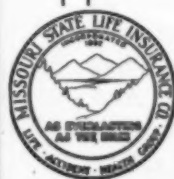
Dedicated to the Service of its
Policyholders and Field
Representatives

Liberal Agency Contracts
Prompt Underwriting Service
Helpful Field Cooperation

A Policy for Every Purpose

LIFE
ACCIDENT & HEALTH
GROUP
SALARY SAVINGS

A Good Company to Represent



MISSOURI STATE LIFE INSURANCE COMPANY

Home Office, St. Louis

Paid to policyholders and
beneficiaries in 1931 . . \$24,442,491.89

Paid since organization, \$162,550,485.84

KNOWLEDGE IS POWER

SO think North American field men, who are enthusiastic about our practical special Field Service Course. The enrollment is the largest ever. The results of this training is shown in a 20% increase in 1932 business over last year. Just another reason why you should investigate the North American connection.



NORTH AMERICAN LIFE INSURANCE COMPANY
OF CHICAGO.

E. S. Ashbrook
President

John H. McNamara
Founder

Paul McNamara
Vice-President

Stewardship

THE MUTUAL BENEFIT is justly proud of its record of stewardship, for funds entrusted to its care have been conserved and wisely increased. Neither war, nor plague nor panic has prevented the performance of its contracts. And in that constancy there is confidence that members of the Company will continue to find safety in Mutual Benefit protection. New policies being issued daily are contractual obligations and will further demonstrate the unchanging character of Mutual Benefit security . . . the first law of a life insurance company is security.

The MUTUAL BENEFIT
LIFE INSURANCE COMPANY

Newark, New Jersey

merly with the S. E. Ellis agency of the Great Republic Life in Los Angeles, with successful production records.

C. W. Fowler

C. W. Fowler has been appointed state manager for Oklahoma for the Guaranty Life of Iowa. He will have headquarters at Oklahoma City. Mr. Fowler was formerly Oklahoma state manager for the Northern States Life of Hammond, Ind.

Life Agency Notes

J. P. Kittel, who has represented the Manufacturers Life for ten years in Lansing, Mich., and **Harold Wyman** of

Alma, Mich., have been appointed general agents for the Manufacturers in Alma and will also write fire and casualty.

George Simpson, former Ohio State University sprinter and a member of the 1932 American Olympic team, has become associated with the Columbus office of the Mutual Life, under Manager George A. Patton.

The Aliquippa, Pa., office of the Western & Southern Life has been consolidated with the Ambridge office and will be in charge of Superintendent **Thomas A. Johns**, who succeeds D. Garrison Gray, the latter being transferred to Beaver Falls.

W. H. Cramer, who resigned as Los Angeles general agent for the Union Central Life in 1928, after 13 years' service there, to enter another line of business, returned to life insurance work with the Union Central under Mark S. Trueblood, agency manager.

NEWS OF THE COMPANIES

Sterling L. & C. Organized

New Life Company Is Launched by Men Interested in Sterling Casualty of Chicago

The Sterling Life & Casualty of Chicago has been formed by interests in the Sterling Casualty of the same city, which has operated there for some time. The new company is incorporated under the 1927 act and so far is licensed only in Illinois. L. A. Breskin, head of the Sterling Casualty, is president of the new company, and I. S. Stein is general manager. The Sterling Life & Casualty is bringing out two life policies in small amounts, one for \$500 on an ordinary life "spot cash" form, and the other a \$250 "spot cash" funeral benefit contract on the term plan paying double for accident. Premiums for these small units may be paid on the annual, semiannual and quarterly plans. They are issued to men, women and children between ages 5 and 60, and they may be carried up to 70. The Sterling companies make a special appeal to the masses.

\$8,247 from members in 1931; paid to members \$1,464; made other disbursements of \$7,531; had admitted assets of \$1,566; had insurance in force \$555,100.

Launch Elkhart National Life

Articles of incorporation have been filed by the Elkhart National Life of Elkhart, Ind. The incorporators are E. W. Ball, J. R. Ball, Rufus A. Morrison, Roy J. Long, Dr. Fred A. Lampman, W. R. Troyer, E. J. Short, E. D. Short and A. W. Ball. It will operate under the assessment law. The articles have not yet been approved by the Indiana department.

Liberty Gains 40 Percent

The Liberty Life of Topeka reports that its written business to Oct. 1 of this year is 40 percent more than for the same period of 1931.

Accident-Health Field News

Griffith, Buckner Appointed

Prominent Houston Business Men Select and Train National Standard Accident Agents

E. L. Griffith and Rawle Buckner, both prominently identified in Houston business circles, have organized the Griffith-Buckner agency, with headquarters in the National Standard building, Houston, Tex. They will appoint, train and supervise agents for the National Standard Accident in Texas, specializing in the sale of eye contracts. These contracts carry a single premium of \$100 and indemnify to the extent of \$100 per month for life in event of blindness at any time until age 85. Violation of law, misconduct or any other causes do not nullify the contract. It covers accidents, as well as diseases, and is non-cancellable.

Mr. Griffith was identified at one time with the Northwestern Mutual, later returning to Houston as superintendent of sales for the Peerless Mutual. His personal production for the last year in life insurance was over \$1,300,000.

Becomes Independent Adjuster

F. H. Jacobson, who has had more than 20 years' experience in that line, has opened an office on the fifth floor of the Baker Arcade, Minneapolis, as an independent adjuster for accident and health and life companies, giving especial attention to personal investigations.

Mr. Jacobson was for five years with the National Casualty of Detroit as assistant manager of its northwestern department at Minneapolis. From 1915 to 1930, with the exception of a short pe-

Pacific States Gets Another

The Beacon Mutual Casualty of Chicago, which was organized about a year ago to write eyesight insurance, has been reinsured in the Pacific States Life of Hollywood. T. L. Kopelman, who operated the Beacon Mutual, states that about 1,200 eyesight policies were sold. The premium was \$2 the first year and \$1 a year thereafter.

October Is Shepard Month

October is Shepard Month for the field men of the Lincoln National Life. In this one month each year special effort is made to honor Walter T. Shepard, vice-president, with applications.

Reserve Loan Life September

The Reserve Loan Life reports that the September production exceeded that of any month so far this year, the company showing 22 percent gain.

Enters Latin-American Field

The Great American Life of San Antonio is going after business in the Latin-American countries and has named A. P. Aguirre of San Antonio manager of its Latin-American department. He was formerly with the Ohio State Life.

Receiver Is Appointed

A receiver has been appointed for the Independence Life of Chicago, an assessment life association under the Illinois act of 1893. The president is W. F. Matz, who also has the Dependable Accident & Health of Chicago, an assessment accident and health association, and who represents the Pacific Mutual for accident and health insurance.

The Independence Life received

as claim representative of the Pacific Mutual for Minnesota, he was superintendent of claims for the Travelers Equitable of Minneapolis. Since the reinsurance of that company he has been with the Great Western of Des Moines

as claim representative. He has been active in the International Claim Association for 13 years and served the past year on its yearbook committee. He will cover Minnesota, the Dakotas, Wisconsin and adjacent states.

AS SEEN FROM NEW YORK

By R. B. MITCHELL

KLINGMAN SALES COURSE SPEAKER

The problem of character building and self-development was discussed by W. W. Klingman, vice-president and director of agencies of the Equitable Life of New York, at the Monday meeting in the "depression-busting" selling course being conducted in New York City by the J. C. McNamara agency of the Guardian Life of New York for brokers and independent insurance writers.

"By doing what you dislike to do, for example calling on people, you will eventually become enthusiastic about it," Mr. Klingman declared. He said that a man who would spend two hours each day talking life insurance to prospects would make a success, which cannot be said of other lines of business.

At Mr. McNamara's request, Mr. Klingman cited examples from his own experience, the most outstanding of which was the record he made in writing one application a day, including Sundays, for 18 months, because of his determination to become a million-dollar producer.

TWO NEW GROUP DIRECTORS

The J. Elliott Hall agency of the Penn Mutual Life in New York City has added two new group directors, F. E. Disch and L. C. Sprague, both of whom have had considerable experience in the metropolitan territory.

Mr. Disch has been supervisor and field organizer of the Newark agency of the Jefferson Standard Life for the

last three years. He began his insurance career in the casualty department of the Travelers in 1919. Leaving in 1923 he spent a year as a personal producer for the Acacia Mutual Life. In 1925 he returned to the casualty business as field assistant in the United States Fidelity & Guaranty and the Metropolitan Casualty, where he remained until joining the Jefferson Standard in 1929.

Mr. Sprague entered the life insurance business with the Brooklyn National Life in 1928 and shortly thereafter joined the life department of Marsh & McLennan. In 1929 he joined the A. E. Patterson agency of the Penn Mutual Life and soon won the appointment of assistant agency manager. On Jan. 1, 1931 he was made associate general agent under D. B. Adler, general agent of the Penn Mutual in New York.

HANCEL'S MEN MAKE SHOWING

A remarkable showing at the New York City Life Underwriters Association dinner was made by the M. J. Hancel Agency of the Continental American Life. Forty representatives were present which is undoubtedly a record for an agency which has been in existence less than two weeks. In addition 12 members of the Newark office were present. President A. A. Rydgren and Vice-president G. A. Martin of the Continental American and Manager Hancel were seated at the speakers' table.

AS SEEN FROM CHICAGO

PATTON, FONDA IN CHICAGO

John A. Patton, associate sales supervisor of the Equitable of New York, has assumed charge of group operations in the central department headquarters in Chicago. He formerly was an agent in the E. A. Woods agency of that company in Pittsburgh. George T. Fonda, field director of group annuities, also is making his headquarters in Chicago.

BUSINESS DEFINITELY BETTER

There now appears no question that life insurance selling in Chicago is definitely on the mend. Many offices report October business much better. Morale of agents is greatly improved. One hears again comments on this \$100,000 case or that \$1,000,000 prospect. In fact, two weeks ago a \$950,000 single premium life with annuity was sold in Chicago and the cash already has been remitted to several companies. This case was split several ways, one company getting \$450,000. It is not an isolated case of the type. There is still a great deal of money in Chicago and rich men are turning to this type of contract as offering, in Illinois especially, freedom from the state inheritance tax, a guaranteed income and guaranteed return of principal.

There has been a marked increase in business written in the last month. One large agency reports 100 percent in-

crease over September. There is a general feeling that the turn has been made and succeeding months will show continued improvement. Policy loan demands are steadily decreasing. They have slumped sharply in the last three months. This possibly may be due to the stock market rise having relieved financial affairs of many policyholders, or at least made them more optimistic of the future and less willing to sacrifice their protection. Several less optimistic life men suggest the reason may be that most of the available loan values have been taken, but this is not a sound viewpoint, according to most Chicago life men.

STATE MUTUAL MEN IN CHICAGO

Stephen Ireland, vice-president and superintendent of agencies of the State Mutual, visited the Everts Wrenn and R. J. Wiese general agencies last week and then went on to the Pacific Coast, visiting agencies in Davenport and Minneapolis en route. He is expected to return to Chicago about Nov. 1. President Chandler Bullock also will be in Chicago at that time.

CARLETON VAIL IS KILLED

Carleton M. Vail of the well known life insurance brokerage firm of H. S. Vail & Sons of Chicago was killed in an automobile accident near Sturgeon Bay, Wis. There were three others in the car and they escaped serious injury. Mr. Vail was 51 years of age.

Mr. Vail had a host of influential connections in Chicago and is reputed to have been the largest personal writer of insurance in the city. He was consulted

"They GET It!"

From an able woman representative in Iowa comes this intimate little picture of women and money in that state. Doubtless it might have been written of any other state.

"Women are the best prospects for annuity investments at present, and it is interesting to see where they get the money to pay for them in these queer days. One teacher recently paid for hers with \$200 worth of travelers' checks and three uncashed salary checks. Others go upstairs to get their money (always cash nowadays) from the proverbial stocking. Others go to their safety deposit boxes. But—they GET it! We sell annuities only if life insurance is not needed, or can't be placed. There is money here—probably as much as ever—but much is in hiding. And it is up to us to dislodge it and get it working in this safe way."

THE PENN MUTUAL LIFE INSURANCE COMPANY

Independence Square

WM. A. LAW, President

PHILADELPHIA

The Road Ahead

The success ahead of a life insurance salesman depends upon five definite things—

1. Himself
2. His field
3. His policy contracts
4. His contract
5. His company

All of these are equally important. If all are good, success can be predetermined.

To the man who possesses the right qualifications, we will supply the other requisites of the right field, the right policies, the right contract, with the right Company.

For information address:
A. R. Perkins, Agency Manager

JEFFERSON STANDARD LIFE INSURANCE COMPANY

JULIAN PRICE, President

Greensboro, North Carolina



Home Office

THE INVESTMENT TRUST SERVICE OF LIFE INSURANCE

By Albert G. Borden. Price \$1.50

Shows the various ways that life insurance can serve in the administration of an estate. Includes many illustrations and graphs. Order from The National Underwriter, 11946 Insurance Exchange, Chicago.



SOMETHING NEW THAT IS NEW IN LIFE INSURANCE

*A Dollar's worth for every Dollar paid
regardless of kind of policy purchased*

A \$1,000.00 Endowment Policy, any age at issue, guarantees \$1,961.54 plus Dividends in event policy becomes a claim the year it matures.

Our Twenty Payment most remarkable policy of all—too much to write about in this advertisement.

We have Ordinary with and without Cash accumulation. Without cash value it furnishes Pure Protection Life insurance at non-participating rates but on a participating basis—it is estimated dividends will amount to 50% within a few years, based on actual experience past five years.

Juvenile Policies—Ordinary, Twenty Payment and Endowment from birth, with all the fine features of our Adult Policies.

Many other forms of Policies equally attractive.

Operating in Illinois, Michigan, Indiana and Missouri

INTERSTATE RESERVE LIFE INSURANCE COMPANY

Mutual Legal Reserve Life Insurance

Ten East Pearson Street : : : Chicago

And Now— Monthly Premiums!

Agents, profiting by the exceptional money-making opportunities of our Golden Rule Contract, now may place Monthly Premium Policies, as well as those on the Annual, Semi-annual or Quarterly basis.

A Monthly Premium Depositing Plan is certain to be popular in times like these.

Columbus Mutual Life
Columbus, Ohio

by many of the wealthiest men in the city on insurance problems and had a large corporation insurance business.

After graduating from Cornell University in 1902, Mr. Vail became associated with the brokerage office of his father, the late H. S. Vail, who died in 1919. There are two surviving brothers in the firm, Roger S. Vail and Malcolm Vail.

Mr. Vail was a fellow of the American Institute of Actuaries. At the time of the accident, the automobile was being driven by R. T. R. Hastings. Mrs. Hastings was on the front seat. In the rear was Mr. Vail and G. R. Roberts of the Class 1 insurance agency in Chicago of George W. Roberts & Son. The party was driving to the summer home of Mr. Vail at Bailey's Harbor, Wis.

ROTHAERMAL ON LONG TRIP

William Rothaermal, superintendent of agencies of the Equitable of New York's central department in Chicago, is on his quarterly review trip, which requires about three weeks. There are 17 agencies in his territory outside of Chicago, to each of which he devotes at least a day. His itinerary includes Kansas

City, Omaha, Milwaukee, Minneapolis, Toledo, Detroit and Indianapolis.

ANOTHER CHICAGO CONVENTION

The Fidelity Mutual Life has announced that its 1933 Leaders Club convention will be held at the Edgewater Beach Hotel, Chicago, Sept. 14-16. Members of the club registered preference for Chicago at their recent convention at Virginia Hot Springs. Many companies will hold their conventions in Chicago next year, since the world's fair will be in progress then.

CURRY RETURNS TO AETNA

Robert J. Curry, former manager of the group department in the general agency of S. T. Whatley of the Aetna Life in Chicago, has returned to devote his attention to ordinary production. Mr. Curry resigned three years ago to go with the Barron Collier Company, street car advertising agency. He is a graduate of the University of Wisconsin and served two years as manager of the Aetna's group division in Seattle and four years as group manager in Chicago.

IN THE SOUTH AND SOUTHWEST

Oklahoma Conditions Better

General Agents and Managers Agree in Reporting Marked Improvement in Business

OKLAHOMA CITY, Oct. 20.—A survey of eight of the leading general agencies here reveals a definite, steady upward trend in life insurance business in Oklahoma, with a decided decrease in policy loans and cancellations. J. A. Todd, general agent Central Life of Iowa, who is president of the Oklahoma Association of Life Underwriters, stated that information he had gathered showed that life insurance was the first to react to the general improvement in conditions. Past President Robert H. Carter, general agent Connecticut Mutual, indicated a 10 percent increase in September over the same month in 1931, and said the year to Oct. 1 showed a 12 percent increase. Henry Laffer, general agent Northwestern Mutual, reported an encouraging increase, with a definite indication of even greater improvement as the season advances.

Vice-president Edwin Starkey of the Mid-Continent Life estimated at least a 35 percent increase in written business in the last few months, with a 75 percent improvement in the policy loan situation and cash surrenders within the last two months. All general agents interviewed agreed as to the improvement of the general tone and a marked betterment in conditions surrounding life insurance in Oklahoma.

Asks U. S. Intervention

OKLAHOMA CITY, Oct. 20.—Commissioner Read has appealed to Congressman McClintic asking his intervention at Washington in the protection of companies properly licensed in Oklahoma against the competition of a Texas life company, not licensed here, which is writing insurance on the Fort Sill military reservation in southwestern Oklahoma.

The commissioner explained that although the state has no jurisdiction over the military reservation he believed it unfair to allow the unlicensed company to sell insurance there.

Opens San Antonio Branch

T. M. Edwards, formerly with the San Jacinto Life at Beaumont, has been named manager of the new branch office of the Republic Life of Dallas at San Antonio, which will serve southwest Texas.

Oldest Protective Life Agent Signally Honored



E. T. LONG

E. T. Long of Eufaula, Ala., oldest full time agent of the Protective Life of Birmingham, was the honor guest at a giant barbecue held at Greenville, Ala., recently in honor of his 25th year with the company. He joined the sales force when Protective Life was organized in 1907. It was Mr. Long's close friendship with the late W. D. Jelks, founder of Protective Life and former Alabama governor, that brought him into the business.

For 25 years Mr. Long has traveled southern Alabama.

Present at the barbecue were hundreds of Mr. Long's friends and clients, and new policyholders who recently answered the company's silver anniversary rollcall in South Alabama.

In token of Mr. Long's service the Protective presented him with a loving cup which was engraved with an appropriate inscription. The cup was presented by J. B. Stanley, veteran Alabama newspaper man and friend of Mr. Long.

Oklahomans Win Trophy

A trophy for leading all the company's agencies for percentage of increase in new paid-for business in the third quarter of 1932 was presented to the Okla-

Minneapolis, Minn.

CONVENTION

life has an-
ers Club con-
Sept. 14-16.
tered prefer-
recent con-
congratulations. Many
ventions in
the world's fair

AETNA

manager of
the general
of the Aetna
ed to devote
production.
years ago to
r Company,
y. He is a
of Wiscon-
as manager
on in Seattle
manager in

EST

life
Honored



Ala., oldest
ive Life of
guest at a
ville, Ala.
year with
sales force
organized in
ose friend-
ks, founder
r Alabama
into the
as traveled

e hundreds
lients, and
cently an-
nniversary
service the
h a loving
th an ap-
p was pre-
eran Al-
end of Mr.

phy

company's
increase in
third quar-
the Okla-

homa agency of the Central Life of Iowa by Pearce H. Young, superintendent of agents. The agency's business was 159 percent above the corresponding quarter last year.

"Consultant" Fails to Collect

Roy M. Johnson, wealthy Ardmore, Okla., oil man, was just given judgment in this district court there in an action brought by R. M. Messic, who as an insurance "consultant" sought to recover balance of a fee he claimed to be due from Johnson for handling life insurance matters. Mr. Johnson alleged he was to be saved a considerable sum in

his life insurance expense through representations made by Messic. He later became convinced the saving was not being made, and refused to pay a balance of the fee. Suit was filed by Messic, but when the case came up for hearing, on a showing by I. P. Mantz, Oklahoma City actuary, that Johnson had not been saved anything, the jury decided in his favor.

Names Godchaux & Mayer

Godchaux & Mayer, New Orleans, have been appointed general agents for Alabama, Louisiana and Mississippi by the Washington National of Chicago, specializing on pay order groups.

GENERAL AGENCY NEWS

Paret Has "Insurance Show"

Prominent Life Men From Other Cities
Aid in Presenting Unique Per-
formance at Trenton

TRENTON, N. J., Oct. 20.—Louis F. Paret, general agent for the Provident Mutual in south New Jersey and Philadelphia, put on one of his inimitable "insurance shows" at the Trenton agency last week. Mr. Paret acted as producer and director while Frank A. Bernier had charge of the "scenery." It was a primer for the Chicago World's Fair and every act showed the members of the agency force how they could get there by production.

The first number, the "French Village," was given by Mlle. Alice Ellen Roche, who exhibited the figures that give the members an opportunity to see the fair next year. This was followed by the "greatest collection of freaks ever exhibited," their lives and histories, told by W. K. Magruder, general agent Connecticut Mutual Life, Baltimore.

"An Isle of Riches," a land of plenty where the natives live happily ever after, was given by Mr. Paret and L. D. Fowler, general agent Connecticut Mutual Life, Cincinnati.

The program was brought to a close with a presentation of a sure way to

Chicago, and how to become rich, by Horace H. Wilson, manager in New York City for the Equitable Life.

Wilson Speaks in Columbus

B. H. Wilson, president of the Life Insurance Company of Virginia, addressed 200 representatives of the company at a meeting in Columbus, O., this week. Others who spoke were H. L. Austin, district manager; E. A. Crawford, assistant secretary; H. P. Anderson, superintendent of the Virginia offices, and E. A. Locky.

Million Men Rally

The annual agency roundup of the B. A. Million agency of the Northwestern Mutual Life in Evansville, Ind., was held Monday, with U. H. Poindexter, assistant superintendent of agents, present representing the home office. The opening address was made by Mr. Million, who was followed by Mr. Poindexter. The morning session concluded with discussion, and after lunch there was a talk on the retirement income by Clyde E. Duke of New Albany, Ind. Ralph Nelson of Bloomington, Ind., gave a talk on "Managing Myself." Mr. Poindexter was heard from again and the gathering closed with a round table discussion.

of WJDX, the Lamar Life station, was given. Mr. Bounds was presented by P. K. Lutken, executive vice-president of the Lamar. President Vernon Holleman of the association reported that the essay contest on life insurance, sponsored by the association, is under way in Mississippi and is being handled by the Mississippi Federation of Women's Clubs.

Lincoln, Neb.—R. B. Hull, managing director National association, addressed 100 members of the Lincoln association at a special meeting Oct. 17. Mr. Hull dramatically sketched the possibilities of the immediate future for life insurance men, declaring that the people were emerging from the depression with new ideas and ideals, the result of personal and spiritual discipline, which would open for life underwriters a wider field of influence and profit.

Lakeland, Fla.—The Lakeland association has just completed its organization, with 20 members. The officers are: Carl Adair, Gulf Life, president; E. M. Willis, Missouri State, vice-president; W. E. Mullen, Reliance Life, secretary.

Oklahoma.—Three qualifications necessary for successful life insurance underwriting for the coming year include intelligence, integrity and industry, said P. H. Young, agency supervisor Central Life of Iowa, in addressing the Oklahoma association at Oklahoma City. His subject was "The Salesman, Alert, Stud-

ies the Trend of the Day." He stressed the difference between the former life insurance prospect and the trained life insurance buyer of today, which requires a more highly trained salesman to handle. He advocated the use of an organized sales presentation.

Dr. M. I. Olsen, medical director of the same company, outlined some of the problems encountered by the medical department, urging cooperation of the men in the field as far as possible.

Buffalo, N. Y.—Charles C. Thompson of Seattle, president of the National association, will address the Buffalo association Nov. 8.

Richmond, Va.—The principal speaker at the October luncheon-meeting of the Richmond association was S. Howe Williams, state manager for the Bankers Life of Iowa, who gave some highlights of the national convention. C. C. Thompson, national president, will visit Richmond Nov. 15.

New York City.—George D. Riley, Mississippi insurance commissioner, will address the New York City association while attending the National Convention of Insurance Commissioners Dec. 6.

Madison, Wis.—The Madison association made plans for a membership campaign at a get-together luncheon meeting Friday. New officers, who

THE MAN OF THE HOUR

At no time in the history of the life insurance business have so many people been made aware of the need for and the benefits to be derived from life insurance as at present.

In the minds of millions has been burned the fact that life insurance is an absolute necessity. Economic conditions have dammed up the desires of millions of people, people in every hamlet, village, town and city in America. Bettered economic conditions will open the floodgates and the demand for life insurance will be greater than ever before.

The life insurance salesman will be THE MAN OF THE HOUR.

General Agency open-
ings in Iowa, Illinois,
Missouri, Ohio and
Pennsylvania.

BANKERS LIFE INSURANCE COMPANY
OF NEBRASKA

Home Office

Lincoln, Nebraska

NEWS OF LIFE ASSOCIATIONS

Allen Is Pennsylvania Head

Union Central Man Elected President
at Annual Meeting of State As-
sociation in Harrisburg

A. Rushton Allen, manager in Philadelphia for the Union Central Life, is the new president of the Pennsylvania Association of Life Underwriters, having been elected at the annual meeting at Harrisburg.

The new vice-presidents are Lee D. Hemingway, Pittsburgh; S. L. Rice, Harrisburg, and H. S. Sage, Wilkes-Barre. The new secretary is H. L. Smith of Harrisburg. Members of the general committee are H. M. Brubaker, Williamsburg; T. H. Hughes, Erie, and R. B. Kirby, Allentown.

The principal work of the association during the year has been the preparation of a legislative draft representing the views of the agents in connection with the proposed recodification of the Pennsylvania insurance code. The draft will be submitted to the assistant attorney general. Another meeting will be held in Philadelphia shortly for completion of the program. The chairman of the committee in charge is Irvin Bender of Philadelphia.

The Harrisburg association was host to delegates to the state association meeting at a luncheon. Holgar Johnson, general agent of the Penn Mutual at



A. RUSHTON ALLEN

Pittsburgh, delivered the noon address.

The 1933 meeting of the Pennsylvania association will be held at Allentown in May.

Jackson, Miss.—President Jesse Bounds of the Lamar Life spoke on "Early Life Insurance" at the monthly luncheon of the Jackson association Monday. A musical program by the staff orchestra

UNITED MUTUAL

is opening

General Agencies

In Cities
Throughout America

If you are capable of handling a General Agency or if you are a good Field Man, it will be to your advantage to communicate with United Mutual Life Insurance Company without delay.

United Mutual's financial position is particularly strong. The funds of the company are invested in Government and Municipal Bonds only. We have no real estate mortgages, stocks, bonds or collateral loans. Insurance in force is more than \$100,000,000. Our company has operated in the United States and Canada for more than 55 years and is chartered under a Special Act of the United States Congress.

Obviously, a United Mutual connection offers an unusual opportunity for the best type of insurance men. Inquiries will be held in strictest confidence and personal interviews will be arranged with those who qualify. Be sure to give complete information about yourself and your record, in your first letter.

United Mutual Life Insurance Company

Harry Wade, President

941 North Meridian St.

Indianapolis, Indiana



Chartered Under Special Act of the United States Congress

YOU CHOOSE

- Vested Renewals
- Financial Stability
- Excellent Territory
- Equitable Compensation
- Liberal, Modern Policies
- Constructive Sales Helps
- Personal Home Office Help
- A Company that is forging ahead
- Sympathetic understanding of Agents' problems
- Accident and Health as well as all forms of Life

No matter what you want in a life insurance company you will find your desire answered in an agency connection with the

Union National Life INSURANCE COMPANY

Union Bldg.
CHARLESTON, W. VA.

were acting for the first time at this meeting, are W. D. Byrns, National Guardian Life, president; J. L. Loneragan, Equitable Life, vice-president; M. W. Hess, Central Life of Iowa, secretary, and R. C. Stephenson, Prudential, treasurer.

* * *

Baltimore—"The Life Insurance Salesman of Today" and "Your Viewpoint" were the subjects of two interesting talks at the monthly meeting of the Baltimore association, the former by Irvin Eendiner of the New York Life in Philadelphia and the latter by C. Vivian Anderson of Cincinnati, vice-president of the National association. Nine new members were elected.

* * *

Columbus, O.—Courses for the C. L. U. degree will be held in Columbus this fall under the direction of J. Harry Wood. C. C. Doyle, vice-president of the Columbus association, is registrar for the courses.

* * *

St. Louis—J. S. Maryman, special agent for the Aetna Life at Little Rock, Ark., addressed the St. Louis association Oct. 20 on "Then and Now." Mr. Maryman has been a million dollar producer since 1922. In 1929 he reached a peak of \$1,800,000 in new business.

* * *

Michigan—R. E. Hull, managing director of the National association, expounded some of his prophetic views as to what the depression will ultimately teach business in general before a number of interested audiences in Michigan cities the past week.

Visiting Flint, Saginaw, Lansing, Battle Creek, Kalamazoo and Jackson in rapid succession, he addressed groups of life underwriters and their guests. At Flint he was the first speaker of the fall before the chamber of commerce.

* * *

Texas—The Texas association will hold a business session at Dallas Oct. 29 to formulate a program for the coming year and elect officers. Matthew Brown, of the Missouri State Life, San Antonio, is now president.

* * *

Denver—Frank H. Davis, former vice-president of Equitable Life of New York, reentered the life insurance picture here this week at a life underwriters' breakfast. On invitation of the Colorado Association of Life Underwriters he drove down from his Wyoming ranch for the purpose of introducing George H. Harris, field service supervisor of the Sun Life of Canada, who was the guest of honor.

Following a constructive and helpful talk by Mr. Harris, the chairman called on Mr. Davis for a short talk and in a 15-minute extemporaneous speech he exhibited all the fire, punch and vigor of former years.

The Colorado association has broadcast a warning against alleged "cheap insurance, sold by radio at a long distance and with no local responsibility," reporting information on a specific case supplied by a prominent member, where the beneficiary got only half the face of the policy on a death claim.

* * *

Grand Rapids, Mich.—Roger B. Hull, managing director of the National Association of Life Underwriters, delivered his address, "Getting Back on to Main Street," at the opening meeting of the season of the Grand Rapids association. He was introduced by H. Wible Spence of the Mutual Life of New York.

J. Leslie Livingston turned the gavel over to the new president, H. J. Van Wolfear of the Prudential. The other officers installed were J. D. Hibbard, Mutual Benefit, and H. D. Pendergast, Northwestern Mutual, vice-presidents, and D. J. Porter, Equitable of New York, secretary.

* * *

Chicago—A sextet of headliners is scheduled for the sales congress of the Chicago association Nov. 13. Arrangements are being made to have as speakers A. E. N. Gray, Prudential; Merle Thorpe, editor "Nation's Business"; H. H. Armstrong, Travelers; Thomas Scott, leading producer of the Penn Mutual; Col. Robert Isham Randolph, head of the "Secret Six" in Chicago and former president of the Association of Commerce, and Wallace H. King, Mutual Benefit. The Chicago association promises not only educational ideas, sales helps from the firing lines, and inspiration, but several entertainment features.

* * *

St. Louis—Dr. F. H. Martin of Chicago spoke on "Periodic Personal Health Audit" at a joint meeting of the St. Louis association and the Optimist Club of St.

Louis. Dr. Martin is the founder and director general of the American College of Surgeons and regarded as one of the leaders of the medical profession of this country.

Robert Jolly, superintendent of the Memorial Hospital, Houston, Tex., spoke on "What an Approved Hospital Means to You."

* * *

Madison, Wis.—The Madison association held its first monthly meeting of the new year Friday, when the newly elected officers took up their duties. They are W. D. Byrns, president; J. L. Loneragan, vice-president; M. W. Hess, secretary, R. C. Stephenson, treasurer.

* * *

Detroit—More than 200 agents heard R. B. Hull, managing director of the National association, speak on "Getting Back on to Main Street" before the Detroit association. Vice-president F. Jean Little, Massachusetts Mutual, presided.

* * *

Milwaukee—C. E. Randall, superintendent of agencies of the Franklin Life, spoke on "Ten Weeks Outline of Presentation and Closing" before the Milwaukee association. The membership drive is progressing with marked success, according to A. C. Moser, Aetna Life, secretary, growing from 62 paid members in January to 234 at present.

COMPANY MEN

Stark Is Made Agency Chief

Appointment as Superintendent of Agencies for Yeomen Mutual Life Announced

P. A. Stark has been appointed superintendent of agencies for the Yeomen Mutual Life of Des Moines. He has been connected with the Yeomen organization for nearly 20 years, starting as district manager in the Kansas City district in 1913. In 1917 he was made state manager for Missouri, and in 1925 was called to the home office as special supervisor of agents. For four years Mr. Stark covered the entire United States, in connection with the Yeomen agency organization.

In 1929 he was elected to the board of directors and to the field committee of the Yeomen, and since 1930 has been a vice-president of the organization.

As superintendent of agencies, Mr. Stark will devote his entire time to the perfection of the Yeomen organization in 20 states in which it is now doing business, and to the development of general agencies in unoccupied territory.

In September the company launched an aggressive business expansion program throughout the midwest and Pacific Coast states, and the new superintendent of agencies will be actively identified with this expansion campaign.

Wallington Ends Long Trip

I. D. Wallington, manager of agencies for the Bankers Reserve Life of Omaha, was in Chicago this week on his way back to the home office after a six weeks' trip covering all of the eastern states. In the course of his trip, well attended and enthusiastic regional meetings were held in St. Louis, Pittsburgh, Boston and Cleveland.

Mr. Wallington spent considerable time in New England, which the company intends to cultivate more intensively, and made a number of important agency appointments there. He reports a very optimistic feeling in regard to general business conditions in that section, particularly in Massachusetts and Connecticut. Decided improvement in business was also reported in Cleveland, where Mr. Wallington held the last of his regional meetings, on his way back from the east.

H. G. Mitchell Resigns

H. G. Mitchell, for five years with the Jefferson Standard Life as assistant and manager in the sales promotion and advertising department, has resigned.

New Meaning Put on 'Market Value'

(CONTINUED FROM PAGE 5)

that makes proper valuation of insurance company assets fundamentally different and important. The real purpose of an annual statement is to show the financial ability of a company to meet its liabilities, and its liabilities being deferred, it follows that the deferred or future financial ability is of first importance. The chief concern is to determine the value that present assets will have at the time deferred or future liabilities mature. Market value then, he said, must logically be construed as future or deferred liquidating values.

Cooperation of all the commissioners is needed in this question, he said. The matter of valuations has been left to the companies themselves for the most part, he said, and the companies have religiously employed stock exchange or similar quotations as of the close of the last day of each calendar year.

Fair Weather Standard

Use of market values, as understood by Mr. Kidd, he said, is just as important in times of inflation as in deflation. When prosperity is excessive, values that do not exist appear in annual statements and dividends of real value, that have not been earned, are distributed to stockholders. Companies are then obliged to enter a succeeding period of depression and deflation in a famished condition, he said. The old school insurance executive, according to Mr. Kidd, could probably be expected to plow back into capital structure the larger part of any inflated surplus and thus provide a cushion for trying days to follow. "But," he said, "there has been attracted to the business in recent years a class of speculators and promoters, sometimes referred to as financiers, who are inclined to treat reserves as an insurance trust without much trust rather than the trust funds they truly are."

Mr. Kidd said that the commissioners were wise last year in abandoning what he calls liquidating value for what he terms market value. The country was in a precarious situation. Insurance was standing as the last line of defense. Anxiety attended the action of the commissioners' convention. Any other action than that taken by the commissioners would have been catastrophic. The action taken by the commissioners, he said, prevented the voiding of many insurance policies and the prevention of irreparable damage to the economic structure of the country.

What is needed, he said, is to set up a definite and permanent method of fixing the market value of securities for annual statement purposes.

DU LANEY DISCUSSES PAPER

Recommendation was made by Commissioner A. D. DuLaney of Arkansas, in his address before the insurance commissioners convention, that the amortization principle be extended to farms and farm mortgages as well as to bonds. Mr. DuLaney's address was in the nature of a discussion of the address by Commissioner Kidd of Indiana on valuations.

Mr. DuLaney referred to the Arkansas statute permitting amortization of bonds and other evidences of debt held by life companies which are amply secured and are not in default as to principal and interest.

"What are we going to do about investments that do not fall under this statute?" he asked. "What amortization rules will apply? Some sound rule or action must be established that will apply to all other securities and all of the companies."

"The yield is one of the most important factors to be considered," he said. "If you own the evidence of debt or have acquired the title to the property," he said, "if it has no yield at this time and no ascertainable market value, even

though it may have some value, then some procedure must be established that justice may be done to the companies and policyholders. It is my firm opinion that amortization rule should be applied wherever it is possible to do so.

"Under present conditions and values," he said, "it occurs to me that any agency that has a heavy line of real estate loans will have to make a large amount of renewals upon the amortization plan. Where it is known that losses now exist in real estate owned or in real estate loans, or it is known that such hereafter be sustained, I think amortization should be had wherever possible."

Mr. DuLaney took up the real estate situation. He recalled that as of June 30, 1931, federal land banks and joint stock land banks had become the owners of farms, through foreclosure or by deed, which cost \$112,000,000. They also had \$20,000,000 of delinquent interest. The disposition of this property, he said, will affect real estate loans and values, especially if disposed of at a depressed figure. The disposition of other properties so acquired will affect values and loans.

20 Percent in Default

Real estate loans and investments of insurance companies amount to about \$9,500,000,000. It is estimated that 20 percent of the loans are in default, especially as to interest.

Nevertheless, according to Mr. DuLaney, the diversified line of investments of insurance companies presents a splendid picture. Diversification has prevented a heavier loss than would otherwise have occurred.

There has been a steady increase in the ratio of mortgage debts to the value of farms, he said. The country is brought face to face with the seriousness of arriving at values upon such a heavy line of investment, no matter by what agencies they are held.

The tide may change quickly, he said, but the true value never returns to the equivalent of unnatural and fluctuating conditions. Definite rules and remedies for the ascertainment, preservation and appreciation of actual values should be determined, he said. He endorsed Commissioner Kidd's suggestion of a standing committee with authority to determine and declare market values at all times.

De Barry Gives His Views on Work of Conservation

(CONTINUED FROM PAGE 5)

of special agents for the company:

9. The back dating tables are loaded sufficiently to provide for conservation department's first year's commissions.

10. The agent should not lose his renewals. He might have a renewal on a 20-pay life or endowment form which was certain to lapse and, of course, he would lose his renewal. If the business is rewritten on an ordinary life, the renewal for the balance of his contract is saved, only on a smaller premium.

11. The experienced conservation man is competent to show any general or local agent that this work is decidedly to the advantage of their policyholders, their agency, themselves, and the company, and in practically every instance the local agent is very pleased to cooperate.

Starts a Dangerous Chain

12. If the agent claims he can do this work as well as the man with years of experience, all that is necessary is to work out in front of him two or three cases.

13. If the agent is given permission to rewrite one case, very soon he makes a request to rewrite another, then another, and so on, and instead of policyholders being taken care of that are in danger of lapsing, he has built up cases that were not in danger of lapsing by preparing the policyholder to look elsewhere for a new policy if his company will not permit him to rewrite it.

14. The special agent from a company such as ours is not interested in build-



WHEN YOU SELL LIFE INSURANCE SELL COLLEGE DAYS!

When you consider that every day in college represents about \$100 in income later on, the importance of educational life insurance becomes more obvious. Out of 1,000 boys entering school, only 72 go to college. Here is a field for real service.

Provident Mutual
Life Insurance Company of Philadelphia

Founded 1865

FULL LEVEL PREMIUM COMPANY

Has four General Agency openings, one in each of the following states:

MINNESOTA
IOWA
MICHIGAN
ILLINOIS

A purely mutual, full level premium 3½% low net cost Company, highest rating; and with a record of uninterrupted growth and progress.

Men who believe they have General Agency qualifications may obtain full particulars by addressing the Agency Department.

Mutual Trust LIFE INSURANCE COMPANY

Edwin A. Olson, President

CHICAGO

ILLINOIS

"As Faithful as

OLD FAITHFUL"



ACTUARIES

CALIFORNIA

Barrett N. Coates Carl E. Herfurth
COATES & HERFURTH
 CONSULTING ACTUARIES
 114 Sansome Street 437 So. Hill Street
 SAN FRANCISCO LOS ANGELES

ILLINOIS

DONALD F. CAMPBELL
 CONSULTING ACTUARY
 160 N. La Salle St.
 Telephone State 7898
 CHICAGO, ILL.

L. A. GLOVER & CO.
 Consulting Actuaries
 188 North Wells Street, Chicago
 Life Insurance Accountants
 Statisticians

J. Charles Seitz, F. A. I. A.
 CONSULTING ACTUARY
 Author "A System and Assurances for a Life Insurance Company."
 Attention to
 Legal Reserve, Fraternal and Assessment Business—
 Pensioners
 222 North La Salle Street
 Phone Franklin 6245 Chicago

INDIANA

Haight, Davis & Haight, Inc.
 Consulting Actuaries
 FRANK J. HAIGHT, President
 Indianapolis, Omaha, Kansas City

HARRY C. MARVIN
 Consulting Actuary
 807 Peoples Bank Building
 INDIANAPOLIS, INDIANA

MISSOURI

ALEXANDER C. GOOD
 Consulting Actuary
 615 Trust Co. Bldg., Jefferson City,
 and
 800 Security Building, Kansas City

NEW YORK

MILES M. DAWSON & SON
 CONSULTING ACTUARIES
 500 Fifth Avenue New York City

YOUR NAME

Send 10c for sample to the National Underwriter, A-1946 Insurance Exchange, Chicago.

is kept before your prospects 365 days a year at a cost of 1c a month by means of the National Underwriter Insurance Calendar.

ing up any future deal, because he is only issued cards of policyholders by the company whom the officials of such company decide are in danger of lapsing or have borrowed the greater percentage of their reserve or loaned the full 100 percent.

15. If impaired policyholders are not serviced by a conservation agent who knows his business, they will be serviced by competing agents and the business lost to the company where it rightfully belongs.

End Interlocking, Olsness Demands

(CONTINUED FROM PAGE 3)

would be standing on its own feet, free from all entangling alliances with outside interests, managed by officers whose administration would be in the interests of the policyholders rather than of certain stockholders whose primary object is the manipulation of the funds to their own private benefit."

Mr. Olsness delivered the warning, however, that in putting such reforms into effect, time should be given for readjustment of investments and control without disrupting the machinery.

"Of late," Mr. Olsness declared, "the eyes and minds of persons imbued more with a spirit of lust for power and wealth, rather than for service to humanity, seem to have become focused on the insurance field with its untold wealth of assets."

Interlocking and holding company control enter the picture so that the identity of the manipulators may be hidden, he said. One method is for a holding company to acquire majority control of a life company, pledging that for collateral to secure control of one or more other companies, then using the holding company as a clearing house to begin the switching of assets back and forth, with a commission here, discount there and a fee some other place, all of which land in the pockets of the manipulators to the detriment of policyholders, according to Mr. Olsness.

Bank May Be Acquired

Later a bank may be acquired and then an investment company with control vested in the holding company. Thereupon doubtful securities are loaded upon the life companies in the group, questionable securities being substituted for sound investments. When the show-down comes only a shell of the reserve assets required by law remain, the manipulators having switched, traded and appropriated everything that had a money value.

In the minds of every one are the several large crashes in the past few years, he said. "Still in the news columns of our daily papers there are found reports of the entry or discharge from penitentiaries of men once prominent in the life insurance affairs of this nation."

Holding company control and interlocking have been developed in other industries, he pointed out. He quoted Senator Norbeck of South Dakota, who is chairman of the senate banking commission, on this subject, as well as William Z. Ripley, professor of political economy at Harvard University.

The receivership of the Inter-Southern Life of Louisville and Security Life

of Chicago, were the result, he said, of promotions arising from interlocking directorates and consequent juggling of assets. These companies, he pointed out, had a total insurance in force of \$193,402,198, so that many policyholders were affected.

THOMPSON ENDORSES SENTIMENTS

Mr. Olsness' paper was discussed by Superintendent J. B. Thompson of Missouri. He said that a remedy must be found in legislation, since insurance departments cannot watch every transaction of every company day by day and cannot attempt to manage the affairs of companies under their supervision. Even when definite information is at hand that assets are being traded between the insurance company and allied interests, to the detriment of the insurer, the department may be powerless to act.

Mr. Thompson suggested that the committee, the creation of which was recommended by Mr. Olsness, be requested to draft bills to curb, control or prohibit transactions between insurance companies, holding, investment companies or other corporations closely affiliated by reason of stock ownership or interlocking directorates.

Mr. Thompson asked why control is so all important to an investment or holding company which buys stock in a life insurance company. Why, for instance, will a holding company pay \$60 per share for a block of stock sufficient to control when the same stock can be bought in lesser but substantial quantities on the open market for \$5 to \$15 per share. He asked whether this is not prima facie evidence that the purchasers intend to so manage and control the company and assets as to get their money back, "either through a trap door or by using a suction pump."

Frightful Abuses

"Frightful abuses," he said, have been perpetrated upon a few life companies, through the machinery of holding companies, interlocking directorates or allied companies and repurchase agreement. The best of legal talent is employed by them to keep barely within the law or evading its clutches. The public has been wronged, cheated and defrauded, he said. Legitimately operated companies have suffered by the impairment of confidence. Mr. Thompson expressed agreement with Mr. Olsness that the Inter-Southern Life and Security Life were ruined because of the evils under discussion.

Mr. Thompson discussed the repurchase agreement. "This has the fragrance of the flower but the sting of the bee," he said. "If the deal goes sour on the insurance company, will its officers bring suit against its directors or will the directors sue themselves to enforce the contract? When a loss is to be taken in such deals, the good old reliable insurance company is usually the goat. It can and it has absorbed an enormous amount of money."

Interstate L. & A. Convention

The annual agency convention of the Interstate Life & Accident of Chattanooga, Tenn., is being held in Biloxi, Miss., Oct. 20-22, with Dr. Joseph W. Johnson, president, and G. K. Henshel, assistant general manager of agencies, in charge.



Stephen M. Babbitt
 President

HUTCHINSON, KANSAS

\$1,000 to \$1,600

Ordinary Life Insurance at An
 Average Cost GUARANTEED
 OF ONLY \$14.00 per \$1,000

Of course issued in larger amounts

**ALL PREMIUMS
 RETURNED**

in addition to face of policy
 in event death before age 60

FULL FACE THEREAFTER
 AND PREMIUM REDUCED 20%

Original cost, age thirty, \$21.40
 per \$1,000 to age 59; \$17.19
 per \$1,000 thereafter

Write for Sample and Particulars

This is one of many unique contracts
 issued by

Federal Union Life
 FRANK M. PETERS, President
 Cincinnati, Ohio

Conservation
 and
 Reclamation
 Life Insurance

The Oris Hann Co.
 INC.
 JACK ROBERTS HANN, Pres.
 333
 NORTH MICHIGAN AVE
 CHICAGO

JUST READY—
 "The Use of the Telephone in
 Selling Life Insurance"
 16-page portfolio, \$1
 Insurance R & R Service
 Indianapolis, Indiana

Over 120 Million Dollars Protection

For More Than 560 Thousand Policyholders

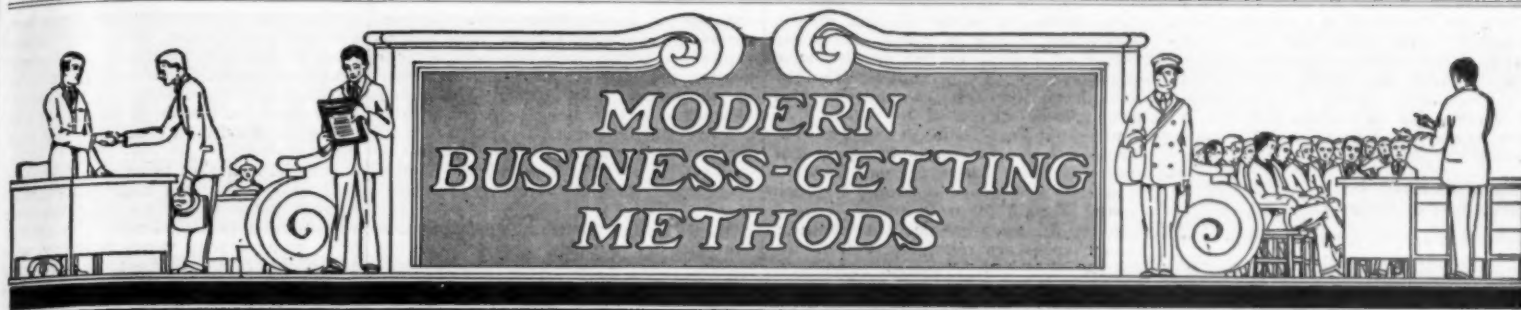
**THE COLONIAL LIFE INSURANCE COMPANY
 of America**

HOME OFFICE—Jersey City, New Jersey

Rapid Advancement Assured Good Agents

DO YOU PREFER

NEW JERSEY—NEW YORK—PENNSYLVANIA or CONNECTICUT?



Finance and Investment Problems Are Taken Up in the Final Section of Examination for C. L. U. Degree

This is the concluding section of the selected answers to C. L. U. examination questions, which THE NATIONAL UNDERWRITER has been printing in installments. This is a continuation of Part V, dealing with finance and investment questions.

Question 3. A corporation has a convertible bond issue outstanding. (a) Into what other securities may the bonds be converted? (b) What advantages can a corporation derive from bond conversion? (c) What speculative features attach to convertible bonds?

Answer. (a) The indenture of a convertible bond specifies into just what other securities it may be converted and the price at which conversion may be made. Frequently a certain price will be set for a given number of years, then another price for another period; sometimes the convertible feature expires after a stated period. Usually such bonds are convertible into common stock but may also be converted into preferred stock.

(b) The corporation will benefit by conversion of bonds into stock in the following ways: (1) A creditor becomes a part owner of the business, releasing his claims. (2) Fixed charges in the form of bond interest which must be paid, are reduced. (3) By reducing fixed charges a larger percentage of the gross earning is available for other purposes. (4) Property is now unincumbered placing the corporation in a strong position for new borrowing—in cases where it needs new money.

(c) The speculative feature of a convertible bond is that the issue into which it is convertible may rise in price, in which case the action of arbitrageurs will cause the convertible bond to rise so as to keep pace with the ratio of conversion stipulated in the bond. For instance: A company whose stock is selling at 75 issues bonds convertible on the basis of \$100 par value of bonds for one share of stock. If the stock sells at \$100 the bond and stock have the same value. If the stock sells at \$125 the

bond will also sell at \$125, less the cost of making the conversion.

On the other hand the convertible bond is not subject to the same depreciation in price as stock, as it will tend not to go below its fair price as a bond considering security and yield.

Cash Dividends on Common Stock Discussed

Question 4. In recent years it was frequently asserted that business corporations could continue their regular dividend payments on common stock outstanding even in years of depression, because of their large accumulated surpluses. Nevertheless a number of American business corporations have suspended cash dividends, although the accumulated surpluses shown on their financial statements are more than sufficient to continue regular dividends.

(a) What reasons can you give why dividends are not continued out of corporate surpluses? (b) Do you consider such dividend suspension sound business finance? Reasons.

Borrowing in Order to Pay Dividends

Answer. (a) Accumulated surpluses in most American business corporations are not left idle. Frequently they have not been paid out as dividends when earned because it seemed advantageous to the directors to use them in expanding the business. Many of the surpluses today are represented by additions to plants and machinery. Many others are required to finance the larger inventories and accounts receivable incidental to past business expansion or present depression. Any or all of these reasons may make the surplus non-liquid at present.

To pay out dividends when surpluses are non-liquid in most cases is dangerous to the business as it means borrowing in order to do so. Besides, the fact that the surplus is non-liquid indicates that it is needed in the business; a loan in order to get the cash further handi-

caps the business—assuming the loan is obtainable.

Directors of many corporations are more concerned today with the problem of keeping their companies in sound financial shape, ready to seize the opportunity of profitable business when conditions improve and to take advantage of present opportunities to buy out competitors who are in difficulties, than they are with the continuance of dividends.

(b) It is sound business finance to keep the corporation in such shape that there is no danger of being forced into bankruptcy or being unduly handicapped for lack of working capital. Therefore even if there were sufficient cash on hand to pay a dividend it is better to conserve it for the purpose of paying fixed charges and for necessary expenditures until business revives. This is especially true when the outlook for large current earnings and easy lending terms by the banks seems remote.

Part Played by Credit in Business Finance Viewed

Question 5. The argument is often advanced that business revival is retarded because of the reluctance of commercial banks to extend credit. (a) What do you understand by "credit" and what part does it play in business finance? (b) Why should commercial banks be reluctant to extend credit?

Answer. (a) The term "credit" is applied to the business privileges of deferring payment for goods or services or of borrowing additional capital funds for immediate use with repayment deferred until an agreed future time. It plays a very large part in business finance. In fact, most of the business of this country is conducted on "credit," which may partake of any one or more of several forms.

Credit is so vital in business that as it dries up business slows down. It is estimated that 80 to 90 percent of all business is conducted on credit. The roundabout process of production must have credit, as certain kinds of producers' goods must precede others and must be completed ahead of consumption. The merchant must have credit to provide goods for the consumer to buy and often the consumer must have time to pay for them.

(b) Commercial banks are institu-

tions of deposit, and owe their existence to those customers who entrust funds to them. Hence, they must be reluctant in extending credit when the trend of business makes repayment of loans in many cases problematical. A bank must protect its depositors, and be able to meet its demands at all times. It must preserve not only solvency, but liquidity.

The experiences of the last two years indicate that the probability of repayment of loans as agreed is very much less right now on account of the uncertainty of business conditions. Because of this fact, commercial loans are much more likely to turn out to be "time" loans with the result that the loanable funds of the commercial bank become "frozen," thus making it impossible to meet the demands of a run on the bank.

Federal Reserve System, Open Markets Explained

Question 6. A group of economists recently submitted a number of recommendations to President Hoover, intended to stimulate business revival, among which was the following: "We recommend that the federal reserve banks systematically pursue open market operations with the double aim of facilitating governmental financing and increasing the liquidity of the banking structure." (a) What are federal reserve banks and what are open market operations? (b) Show clearly how open market operations may be employed to carry out the two-fold aim suggested in the above recommendation.

Answer. (a) Federal reserve banks are banks for bankers established by the federal reserve act of 1913. There are 12 of them located in the United States, each serving a given district. The principal purposes of these banks are: (1) To provide an elastic credit system. (2) To provide the concentration of bank reserves. (3) To provide an elastic currency. (4) To assist member banks in their transaction with each other.

The open market operations of the federal reserve banks consist in the buying and selling of acceptances, and United States obligations in the open market.

(b) By buying U. S. obligations in the open market, federal reserve funds are made available to the government to meet current obligations. These funds

Responsibility--

There is no factor so vital to the institution of life insurance as the character of those who present it to the buying public. The whole structure of confidence and respect stands at the mercy of the fieldman; the popular conception of life insurance can be clarified or distorted—depending upon his tactics. The agent is indeed the keeper of a weighty trust.

These things being true, it follows inevitably that the man who traduces his competitor, or who misrepresents, or who lacks the highest sense of fair play and honesty, is actually a menace to the entire institution.

It is far better to lose business than to gain it through trickery or at the expense of a competitor's reputation. Sharp practices and mud-alinging are the refuge of the morally and mentally unfit—a sure indication of shortcomings that brand their users as undesirables of the lowest order.

The sooner these evil influences are eternally barred, the more quickly will life insurance demonstrate that it is the world's most humanitarian and altruistic business.

AMERICAN CENTRAL LIFE INSURANCE COMPANY
Indianapolis, Indiana

in turn are deposited in a member bank (usually) by the seller and may be retained in the vault of member bank or deposited with the federal reserve bank to the member's credit, thus increasing its reserve, and on the basis of the reserve so created it may expand loans to customers.

Is Land Counted the Best Sort of Security?

Question 7. "If the land of the country is not good security, what is good security?" asks the author of a recently published book on promoting business stability. (a) What is your answer to this question? Give reasons for your point of view. (b) Set forth clearly what you consider good security behind an investment.

Answer. (a) Land per se is not good security because it is unstable in value, is not portable or interchangeable, and may not be productive. It is only as human effort is applied to land to make it productive that it becomes valuable for security. A hundred acres of land in the northern part of Greenland may be entirely worthless, or else worth only an infinitesimal fraction of the value of 100 square feet on the corner of 42nd and Broadway in New York City.

(b) Good security back of an investment must be of such a nature as to (1) absolutely assure the safety of the principal; (2) be capable of producing sure and steady income, i. e., the yield of the investment must be certain; (3) be marketable, and not only be able to command a price, but to command a stable and definite price, i. e., be subject to a minimum of fluctuation.

Question 8. "The decline in commodity prices during the past two years will necessitate the financial reorganization of a number of American industrial corporations." (a) Why should such reorganization be necessary? (b) Explain two ways in which it may be achieved. (c) What are the purposes of reorganization and how may they be attained?

Answer. (a) A decline in commodity

prices brings a severe decline in the margin and volume of profits, also in the volume of capital needed for business operations. Since the capitalization of many large industrial corporations had been grossly increased by stock dividends, split-ups, issue of rights, etc., during the rise in commodity prices, it reached a point where payment of dividends is not possible from a much smaller margin of profit on so large a volume of capitalization. In addition, fixed charges are relatively high to the volume of business capital employed. Reorganization is necessary to reduce fixed charges, simplify the capital structure and put common stock equities back on a dividend earning basis.

(b) Reorganization can be achieved first of all by voluntary agreement among all security holders to deposit the entire amount of their securities with a trustee and in return receive different securities which in most cases will be junior to those they now hold. For example, the bondholders may receive a \$500 bond for every \$1,000 they now hold plus a few shares of preferred stock and some common stock. This procedure will be carried out right straight down the line and the common stockholders might receive one share for every 10 shares they own at present.

This will materially reduce the fixed charges of the corporation, give the corporation greater working capital, possibly allow it to make greater net profits and in the end benefit all security holders.

Second Way Reorganization Can Be Brought About

A second way reorganization can be effected is involuntarily, in which case a receiver (frequently an officer of the corporation) will be appointed by the court. In this event a bondholders' committee is formed and forecloses on the property and offers it for sale. They then bid it in at a low price and the amount they must pay for it is divided among all bondholders in accordance with the

number of bonds they hold. A new corporation is then formed with a new capital structure and the bondholders owning the property are given securities in the new corporation. The fixed charges have thus been reduced and the corporation continues to do business. This method is generally used when the consent of all the bondholders cannot be obtained and they will not all deposit their bonds for exchange.

(c) The purposes of reorganization are to: (1) Provide greater working capital. (2) Reduce fixed charges. (3) Simplify the capital structure.

Greater working capital can be acquired by issuing receiver's certificates after the receiver is appointed. All other securities are junior to receiver's certificates and they are considered a prime investment.

Fixed charges can be lowered by reducing the amount of securities outstanding upon which the corporation has to pay interest regularly. This can be effected as explained in part (b).

Long Time Interest Trend Theory Debated

The capital structure can be simplified by grouping all mortgage bonds of the same priority under one new mortgage, eliminating several different kinds of stock by issuing one kind of preferred and one kind of common and persuading security holders to make the exchange. If this cannot be done by voluntary methods then it can be accomplished as previously stated.

Question 9. Many economists maintain that the long time trend in interest rates on investments during the next decade will be distinctly downward. (a) What are the factors affecting the long time interest rates on investments? Explain fully. (b) Do you agree with the above statement? Reasons. (c) If the long run interest rate were to decline what effect would it have on the market values of investment securities outstanding?

Answer. (a) The long time interest rates on investments are influenced by the following:

(1) The supply of capital. Any goods produced in this or previous generations and not consumed become capital. If the supply increases faster than the demand then less will be paid for the use of capital.

(2) Demand for capital. If less earnings are possible by the use of capital then the demand for its use will diminish.

(3) Greater mobility of capital will permit it to be used more effectively, therefore a smaller supply will meet an increased demand.

(4) Lowering commodity prices cause interest rates to decrease, and rising commodity prices tend to make them rise.

(5) Undeveloped natural resources. In a country with many of these it can use capital to advantage, thereby causing an upward trend. As these become more fully developed the effectiveness is lessened, so interest rates decline.

After all is said and done, the factors which really influence long term interest rates are the supply of capital, the demand for capital and the effectiveness of its purchasing power in commodities.

Interest Rates Will Likely Tend to Go Down

(b) I believe interest rates will tend to go down. Much has been saved from past generations, therefore there is a considerable supply of capital on hand. Most businesses are very much overbuilt, such as automobile factories, steel plants, lumber plants, etc. Inasmuch as population is tending to increase less rapidly than formerly and backward countries have become more industrialized, it will be many years before they will need much additional capital for expansion; in fact it will probably be many years before they are working at capacity.

Credit facilities have been developed to make capital more effective, so a lessened amount will accomplish more than

in the past. Commodity prices are low, and still going lower. A smaller income from \$1,000 will purchase more goods than previously. The long term trend of interest will probably continue downward until the people of the world quit saving so much and consume more than is produced.

(c) The market price of outstanding securities with fixed and unchangeable interest rates would go up if the long run interest rate declined. The market price of a security varies inversely with the market rate of interest. For example, a 6 percent bond has to be at par to earn 6 percent, but will earn 5 percent on a price above par; therefore if the market rate for interest goes to 5 percent the market price of the security will adjust itself to a 5 percent yield.

Commercial and Investment Bank Question Taken Up

Question 10. Recently proposed banking legislation (Glass bill) contains provisions aimed at abolishing security affiliates (investment banks) of chartered banks (commercial banks). What reasons can you advance for advocating separation of the functions of commercial banks from those of investment banks?

Answer. Investment and commercial banks are two distinct types of institutions.

The investment bank: (a) Handles security issues. (b) Investigates such issues. (c) Underwrites issues. (d) Markets securities. (e) Invests in long time securities. (f) Makes investigations and furnishes investing advice.

The commercial bank: (a) Receives demand deposits. (b) Extends (1) mercantile credit, (2) commercial credit, (3) personal credit, (4) general credit. (c) Acts as a collection agency. (d) Discounts commercial paper. (e) Usually operates a savings department. (f) May operate a trust department.

As a result of their widely different purposes these banks have very different types of portfolios. The investment bank maintaining a non-liquid position holds many long time obligations. The commercial bank on the other hand, being subject to demand deposits, has a portfolio largely liquid, consisting of cash, government bonds, federal reserve deposits, short time self liquidating paper, deposits in other banks and demand or short time notes.

The differences set forth above would seem to justify a separation since affiliation would require two distinct types of operation—one of a long time, non-liquid character; the other of a short-time, liquid character.

In addition to the above the type of management and organization is entirely different. The investment bank requires an investigating and statistical department and security analysts while the commercial bank needs local business and credit information and deals in a great many accounts of relatively small amounts in each case. Then too there is always the danger of the investment department unloading its bad bargains on the commercial department or the trust department.

Penn Mutual 1933 Convention

The Penn Mutual will hold its 1933 agency convention in Chicago next September just before the annual meeting of the National Association of Life Underwriters there.

YOUR NAME

Send 10c for sample to the National Underwriter, A-1946 Insurance Exchange, Chicago.

is kept before your prospects 365 days a year at a cost of 1c a month by means of the National Underwriter Insurance Calendar.

WANTED:

A Man Who Can Recognize Opportunity (General Agency)

There is a genuine General Agency opportunity, for the man who can qualify, in any of the following Iowa cities:

- Cedar Rapids
- Mason City
- Sioux City
- Waterloo
- Ottumwa

An aggressive producer and organizer will have (1) A direct Home Office contract, (2) Unlimited Home Office co-operation, (3) New and modern educational facilities, (4) A complete, modern kit of policies, (5) The backing of one of the country's first twenty-five companies. For particulars on this General Agency opportunity, write W85, The National Underwriter, Chicago.

Girard Life Insurance Company

Philadelphia, Pa.

Has excellent General Agency openings in Ohio, Pennsylvania and Michigan

Generous first year and renewal commissions.
Low net cost policies.

We seek General Agents of high character and ability, who are willing to devote efforts to building a real General Agency.

When writing give us a fair word picture of yourself and your insurance experience.

Your correspondence will be treated confidentially until such time as we have your permission to make inquiry.